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Ortus Expert White Sdn Bhd v Nor Yanni bt Adom & Anor

FEDERAL COURT (PUTRAJAYA) — CIVIL APPEAL NO 02(F)-12–02 OF 2020 (W)

B NALLINI PATHMANATHAN, ZABARIAH MOHD AND RHODZARIAH BUJANG FCJJ

8 DECEMBER 2021

C *Trade marks — Infringement of — Registered trademark and passing off — High Court allowed appellant's action against respondents for infringement of trademark, breach of dealership agreement and passing off — Court of Appeal reversed High Court's decision — Whether in trademark infringement action, court ought to consider disclaimed words in juxtaposition or in combination with*

D *essential features in registered trademark for purpose of deciding whether there was likelihood of confusion and/or deception — Whether in tort of passing off, goodwill of business could be destroyed completely by mere publication of documents that make no specific reference to business owner — Whether there was breach of dealership agreement — Control of Drugs and Cosmetics Regulations 1984*

E *— Trade Marks Act 1976 s 14(1)(a) & (b)*

The appellant was the owner of the trademark 'Royal Expert White' which was registered in the register of trademarks under the Trade Marks Act 1976 ('the TMA'). The first respondent had entered into a dealership agreement ('the

F agreement') with the appellant for the distribution of the appellant's products. The second respondent was the sole proprietor of Rafica Resources and had distributed the appellant's products together with the first respondent. The appellant found that the first respondent had sold skin whitening cream bearing the trademark 'Real Expert White' as well as packaging which was

G allegedly similar to the appellant's products. The appellant then filed an action against the respondents in the High Court premised on infringement of trademark of the appellant, breach of the agreement and the tort of passing off. The respondents elected not to adduce any oral evidence and at the end of the case, the court allowed the appellant's action. On appeal, the Court of Appeal

H reversed the said decision. The appellant was granted leave to appeal to the Federal Court on the following questions of law: (a) whether in a trademark infringement action, the court ought to consider the disclaimed words in juxtaposition or in combination with the essential features in the registered trademark for the purpose of deciding whether there was a likelihood of

I confusion and/or deception ('the first amended question'); and (b) in a tort of passing off case, can the goodwill of a business be destroyed completely by mere publication of documents that make no specific reference to the business owner ('the second question'). The second question was in relation to the Court of Appeal's decision that the appellant had suffered loss due to negative publicity

in the form of a press release issued by the Ministry of Health that banned the product 'Royal Expert Whitening Cream' for containing mercury and the loss was not caused by the respondents' misrepresentation.

Held, allowing the appeal with costs of RM60,000 for here and below subject to allocator, setting aside the judgment of the Court of Appeal, affirming the decision of the High Court, and remitting back the case to the High Court for assessment of damages:

(1) Based on the approach of the imperfect recollection test, the court answered the first amended question in the affirmative. As such, there was infringement of the trademark. The appellant had proven all the five ingredients to constitute an infringement of the trademark of the appellant. The learned High Court judge did not err in his findings with regards to the infringement of trademark by the respondents. The Court of Appeal failed to compare and analyse the essential features of the trademark of the appellant which was the crown device and the diamond shaped device on the respondents' mark but misdirected itself by focussing on the difference of the word 'Royal' and 'Real' which was irrelevant in determining the likelihood of confusion and/or deception in an infringement action (see para 113).

(2) Case law authorities had established that where disclaimers (or referred to as 'common marks') were included in the trademark to be compared, or in one of them, the proper course was to look at the marks as wholes and not to disregard the parts which were disclaimed. The Court of Appeal disregarded the disclaimers entirely when comparing the marks of the appellant and the respondent. The Court of Appeal also failed to consider the imperfect recollection of customers test when making purchases in determining the likelihood of confusion/deception but premised merely on the side-by-side comparison test, which was erroneous (see para 113).

(3) The court must consider the get-up of the product as a whole and all the surrounding circumstances of the case in the determination of the likelihood of confusion and/or deception under the element of misrepresentation in the action of passing off. In the present case, the learned trial judge found that the appellant enjoyed goodwill in its business related to the appellant's mark and the appellant's get-up. There was also direct evidence that the respondents were passing off the respondents' products as the appellant's products. Further, the learned trial judge found that the appellant had proved actual loss in the form of the loss of gross profit. Hence, the learned High Court judge did not err when making findings that the tort of passing off had been made out against the respondents (see paras 117 & 125–128).

(4) The court answered the second question in the negative. Firstly, the press release had got nothing to do with the appellant's products but the

products of another entity, Ortus Expert Cosmetic Sdn Bhd. There was nothing in the evidence that the notification of the appellant's goods pursuant to the Control of Drugs and Cosmetics Regulations 1984 ('the CDCR') had been cancelled by the Director of Pharmaceutical Services. With the notification, the appellant could sell and distribute its products. Secondly, even if it was true that the appellant's goods contained mercury which were contrary to the CDCR or contravening any law and that the manufacture, distribution, supply, sale and use of the appellant's goods may be prohibited (which had not been proven), but such a fact, in itself did not mean that the use of Ortus Expert White's registered trademark was contrary to law under s 14(1)(a) of the TMA. Nor did this mean that Ortus Expert White's registered trademark was not entitled to protection by the court under s 14(1)(b) of the TMA (see para 134 & 141).

(5) Based on the above findings, the Court of Appeal had erred when it decided that the appellant's business no longer had any goodwill merely by the alleged banning of the product of the appellant by the Ministry of Health. In any event there had been no criminal prosecution against the appellant, nor any statutory penalties imposed and the fact that the press release by the Ministry had no relation to the goods of the appellant (see para 140).

(6) The court agreed with the findings of the learned High Court judge that there were indeed breaches of the dealership agreement by the respondents, namely cll 7.4 and 14.4 (see para 142).

[Bahasa Malaysia summary

Perayu adalah pemilik tanda dagangan 'Royal Expert White' yang didaftarkan dalam daftar cap dagangan di bawah Akta Cap Dagangan 1976 ('ACD'). Responden pertama telah memeterai perjanjian pengedaran ('perjanjian tersebut') dengan perayu untuk pengedaran produk-produk perayu. Responden kedua ialah pemilik tunggal Rafica Resources dan telah mengedarkan produk-produk perayu bersama-sama dengan responden pertama. Perayu mendapati responden pertama telah menjual krim pemutih kulit yang mempunyai tanda dagangan 'Real Expert White' serta pembungkusan yang didakwa serupa dengan produk perayu. Perayu kemudian memfailkan tindakan terhadap responden-responden di Mahkamah Tinggi berdasarkan pelanggaran tanda dagangan perayu, pelanggaran perjanjian tersebut dan tort kelirupaan. Responden-responden memilih untuk tidak mengemukakan apa-apa keterangan lisan dan pada akhir kes, mahkamah membenarkan tindakan perayu. Atas rayuan, Mahkamah Rayuan membatalkan keputusan tersebut. Perayu telah diberi kebenaran untuk merayu kepada Mahkamah Persekutuan atas persoalan-persoalan undang-undang berikut: (a) sama ada dalam tindakan pelanggaran tanda dagangan, mahkamah harus mempertimbangkan perkataan yang dinafikan secara seiring atau digabungkan dengan ciri penting dalam tanda dagangan

berdaftar untuk tujuan memutuskan sama ada terdapat kemungkinan kekeliruan dan/atau penipuan ('soalan terpinda pertama'); dan (b) dalam kes tort kelirupaan, bolehkah nama baik sesuatu perniagaan dimusnahkan sepenuhnya dengan hanya menerbitkan dokumen yang tidak membuat rujukan khusus kepada pemilik perniagaan ('soalan kedua'). Soalan kedua adalah berhubung keputusan Mahkamah Rayuan bahawa perayu mengalami kerugian akibat publisiti negatif dalam bentuk kenyataan akhbar yang dikeluarkan oleh Kementerian Kesihatan yang mengharamkan produk 'Royal Expert Whitening Cream' kerana mengandungi merkuri dan kerugian bukan disebabkan oleh salah nyata oleh responden-responden.

Diputuskan, membenarkan rayuan dengan kos RM60,000 bagi mahkamah ini dan mahkamah bawahan tertakluk kepada alokator, mengenepikan penghakiman Mahkamah Rayuan, mengesahkan keputusan Mahkamah Tinggi dan mengembalikan semula kes ke Mahkamah Tinggi untuk penilaian ganti rugi:

(1) Berdasarkan pendekatan ujian ingatan tidak sempurna, mahkamah menjawab soalan terpinda pertama secara afirmatif. Oleh itu, terdapat pelanggaran tanda dagangan. Perayu telah membuktikan kesemua lima syarat pelanggaran tanda dagangan perayu. Hakim Mahkamah Tinggi yang bijaksana tidak terkhilaf dalam dapatannya berhubung pelanggaran cap dagangan oleh responden-responden. Mahkamah Rayuan gagal untuk membandingkan dan menganalisis ciri-ciri penting tanda dagangan perayu iaitu simbol mahkota dan simbol berbentuk berlian pada tanda responden-responden tetapi tersalah arah dengan memfokuskan pada perbezaan perkataan 'Royal' dan 'Real' yang tidak relevan dalam menentukan kemungkinan kekeliruan dan/atau penipuan dalam tindakan pelanggaran (lihat perenggan 113).

(2) Autoriti-autoriti kes telah menetapkan bahawa apabila penafian (atau dirujuk sebagai 'tanda biasa') dimasukkan ke dalam tanda dagangan untuk dibandingkan, atau dalam salah satu daripadanya, langkah yang sepatutnya adalah untuk melihat tanda-tanda tersebut secara keseluruhan dan tidak mengabaikan bahagian yang dinafikan. Mahkamah Rayuan tidak mengendahkan penafian tersebut sepenuhnya apabila membandingkan tanda perayu dan tanda responden-responden. Mahkamah Rayuan juga gagal mempertimbangkan ujian ingatan tidak sempurna pelanggan semasa membuat pembelian dalam menentukan kemungkinan kekeliruan/penipuan tetapi hanya berdasarkan ujian perbandingan sebelah menyebelah, yang salah (lihat perenggan 113).

(3) Mahkamah mesti mempertimbangkan rupa dan pembungkusan produk secara keseluruhan dan semua keadaan sekeliling kes dalam penentuan kemungkinan kekeliruan dan/atau penipuan di bawah elemen salah nyata dalam tindakan kelirupaan. Dalam kes ini, hakim bicara yang

bijaksana mendapati perayu mempunyai nama baik dalam perniagaannya yang berkaitan dengan tanda perayu dan rupa dan pembungkusan produk perayu. Terdapat juga keterangan langsung bahawa responden-responden telah mengelirupakan produk responden-responden sebagai produk perayu. Selanjutnya, hakim bicara yang bijaksana mendapati perayu telah membuktikan kerugian sebenar dalam bentuk kehilangan untung kasar. Oleh itu, hakim Mahkamah Tinggi yang bijaksana tidak terkhilaf apabila membuat keputusan bahawa tort kelirupaan telah dibuktikan terhadap responden-responden (lihat perenggan 117 & 125–128).

(4) Mahkamah menjawab soalan kedua secara negatif. Pertama, kenyataan akhbar tersebut tidak mempunyai kaitan dengan produk perayu tetapi produk entiti lain iaitu Ortus Expert Cosmetic Sdn Bhd. Tiada apa-apa dalam keterangan bahawa pemberitahuan mengenai produk-produk perayu menurut Peraturan Kawalan Dadah dan Kosmetik 1984 ('PKDK') telah dibatalkan oleh Pengarah Perkhidmatan Farmasi. Dengan pemberitahuan tersebut, perayu boleh menjual dan mengedarkan produknya. Kedua, jika pun benar produk-produk perayu mengandungi merkuri yang bertentangan dengan PKDK atau melanggar mana-mana undang-undang dan pengilangan, pengedaran, pembekalan, penjualan dan penggunaan produk-produk perayu mungkin dilarang (yang belum dibuktikan), tetapi fakta sedemikian, dengan sendirinya tidak bermakna bahawa penggunaan tanda dagangan berdaftar Ortus Expert White adalah bertentangan dengan undang-undang di bawah s 14(1)(a) ACD. Ini juga tidak bermakna bahawa tanda dagangan berdaftar Ortus Expert White tidak berhak mendapat perlindungan oleh mahkamah di bawah s 14(1)(b) ACP (lihat perenggan 134 & 141).

(5) Berdasarkan dapatan-dapatan di atas, Mahkamah Rayuan telah terkhilaf apabila memutuskan bahawa perniagaan perayu tidak lagi mempunyai nama baik langsung semata-mata atas dakwaan mengenai pengharaman produk perayu oleh Kementerian Kesihatan. Dalam apa jua keadaan tidak ada pendakwaan jenayah terhadap perayu, mahupun apa-apa penalti berkanun yang dikenakan dan fakta bahawa kenyataan akhbar oleh Kementerian tersebut tidak ada kaitan dengan produk-produk perayu (lihat perenggan 140).

(6) Mahkamah bersetuju dengan dapatan-dapatan hakim Mahkamah Tinggi yang bijaksana bahawa memang terdapat pelanggaran perjanjian pengedaran oleh responden, iaitu klausa 7.4 dan klausa 14.4 (lihat perenggan 142).]

Cases referred to

Bata Ltd v Sim Ah Ba & Ors [2006] 6 MLJ 445; [2006] 1 MLRA 762, CA (refd)

Bristol Conservatories Ltd v Conservative Customs Built Ltd [1989] RPC 455, CA (refd)

British-American Tobacco Co Ltd v Tobacco Importers & Manufacturers Ltd & Ors [1963] 1 MLJ 196, HC (refd)

Consitex SA v TCL Marketing Sdn Bhd [2008] 3 MLJ 574; [2008] 8 CLJ 444, HC (refd)

Danone Biscuits Manufacturing (M) Sdn Bhd (formerly known as Britania Brands (M) Sdn Bhd) v Hwa Tai Industries Bhd [2010] 8 MLJ 500, HC (refd)

De Cordova and Others v Vick Chemical Company (1951) 68 RPC 103, PC (refd)

Elba Group Sdn Bhd v Pendafter Cap Dagangan dan Paten Malaysia & Anor [1998] 4 MLJ 105; [1998] 1 MLRH 697, HC (refd)

Farrow's Application, Re (1890) 7 RPC 260, HC (refd)

General Cigar Co Inc v Partagas Y Cia SA [2005] All ER (D) 505 (Jul); [2005] EWHC 1729 (Ch), HC (folld)

Granada Trade Mark [1979] RPC 303 (refd)

Ho Tack Sien & Ors v Rotta Research Laboratorium SpA & Anor (Registrar of Trade Marks, intervener) [2015] 4 MLJ 166; [2015] 3 MLRA 611, FC (refd)

Huan Schen Sdn Bhd v Sram, LLC [2016] MLJU 429; [2016] MLRHU 828, HC (folld)

Irving's Yeast-Vite Ltd v Horsenail [1934] 51 RPC 110, HL (refd)

J S Staedtler & Anor v Lee & Sons Enterprise Sdn Bhd [1993] MLJU 569, HC (refd)

John Roberts Power School v Tessenohn [1995] FSR 947 (refd)

Jyothy Laboratories Ltd v Perusahaan Bumi Tulin Sdn Bhd [2018] MLJU 359, HC (refd)

Ladislas Jellinek, Re [1946] 63 RPC 59, HC (refd)

Lovens Kemiske Fabrik Ved A Konsted's Application for Registration of Trade Marks 'Leocillin', Re [1953] 1 MLJ 215 (refd)

Low Chi Yong (t/a Reynox Fertichem Industries) v Low Chi Hong & Anor [2018] 1 MLJ 175, FC (folld)

MI & M Corporation & Anor v A Mohamed Ibrahim [1964] 1 MLJ 392, FC (folld)

Merck KGaA v Leno Marketing (M) Sdn Bhd [2017] MLJU 1011; [2017] 1 LNS 1006, HC (refd)

Mohamed Junus v Rahman Shah Alang Ibrahim & Anor [2008] 3 MLJ 81; [2008] 2 CLJ 369, CA (refd)

Parker-Knoll Limited v Knoll International Limited [1962] RPC 265, HL (refd)

Pianotist Co's Application, Re [1906] 23 RPC 774, HC (refd)

Pioneer Ht-Bred CORN Co v Hy-line Chicks Pty Ltd [1977] RPC 410, CA (refd)
Reckitt & Coleman Products Limited v Borden Inc [1990] 1 AER 873, HL (refd)
Sanbos (Malaysia) Sdn Bhd v Tiong Mak Liquor Trading (M) Sdn Bhd [2008] 3 MLJ 100; [2008] 10 CLJ 538, HC (refd)
Sarika Connoisseur Cafe Pte Ltd v Ferrero SpA [2013] 1 SLR 531, CA (refd)
Saville Perfumery Ltd v June Perfect Ltd and FW Woolworth & Co Ltd [1941] RPC 147 (refd)
Seet Chuan Seng & Anor v Tee Yih Jia Food Manufacturing Pte Ltd [1994] 2 MLJ 770; [1994] 3 CLJ 7, SC (refd)
Shizens Cosmetic Marketing (M) Sdn Bhd v LVMH Perfumes and Cosmetics (M) Sdn Bhd [2019] MLJU 1377, HC (refd)
Sinma Medical Products (M) Sdn Bhd v Yomeishu Seizo Co Ltd & Ors [2004] 4 MLJ 358; [2004] 3 CLJ 815, CA (refd)
Solavoid Trade Mark, Re [1977] RPC 1 (refd)
Syarikat Kemajuan Timbermine Sdn Bhd v Kerajaan Negeri Kelantan Darul Naim [2015] MLJU 70; [2015] 2 AMR 142, FC (refd)
Takako Sakao (f) v Ng Pek Yuen (f) & Anor [2009] 6 MLJ 751, FC (refd)
Tan Hap @ Tan Hwa Ho & Anor (both t/a Syarikat Kwong Hock Hin) v Liang Ann Hock t/a Kim Guan Trading Company [1989] 2 CLJ 500, HC (refd)
Taw Manufacturing Co Ltd v Notek Engineering Co Ltd (1951) 68 RPC 271, ChD (refd)
The Commissioners of Inland Revenue v Muller & Co's Margarine, Limited [1901] AC 217, HL (refd)
The Polo/Lauren Co, LP v Shop-in Department Store Pte Ltd [2006] 2 SLR(R) 690, CA (refd)
Tint Shop (M) Sdn Bhd v Infinity Audio Marketing Sdn Bhd [2017] MLJU 597, HC (refd)
Tohtonku Sdn Bhd v Superace (M) Sdn Bhd) [1992] 2 MLJ 63; [1992] 1 CLJ Rep 344, SC (refd)
Valentino Globe BV v Pacific Rim Industries Inc [2010] 2 SLR 1203, CA (refd)
Yong Sze Fun & Anor (t/a Perindustrian Makanan & Minuman Layang-Layang) v Syarikat Zamani Hj Tamin Sdn Bhd & Anor [2012] 1 MLJ 585; [2012] 2 MLRA, CA (refd)

Legislation referred to

Control of Drugs and Cosmetics Regulations 1984 reg 18A, 18A(1), (2), (8)
Evidence Act 1950 s 114(g)
Trade Marks Act 1976 s 3(1), 14(1)(a), (1)(b), 18(2), 35(1), 36, 37(b), 38, 38(1)(a), 40(2), 45(1)(a)

Appeal from: Civil Appeal No W-02(IPCv)(W)-1808–09 of 2018 (Court of Appeal, Putrajaya)

Eow Khean Fatt (Esther Ong Hui Chuen, Etrus Tan Chen Hee and Intan Noor

Asykin with him) (Esther Ong Tengku Saiful & Sreeby) for the appellant. Rajashree Suppiah (Rex Kuan Kai Tat and Amira Nur Nadia bt Azhar with her) (Rajashree) for the respondent.

Zabariah Mohd FCJ:

INTRODUCTION

[1] The appellant, Ortus Expert White Sdn Bhd was granted leave to appeal to the Federal Court on the following questions of law:

(a) whether in a trademark infringement and passing off action, the court ought to consider the disclaimed words in juxtaposition or in combination with the essential features in the registered trademark for the purpose of deciding whether there is a likelihood of confusion and/or deception? and

(b) in a tort of passing off case, can the goodwill of a business be destroyed completely by mere publication(s) of documents that make no specific reference to the business owner?

[2] In this judgment we shall refer to the parties as they were before the High Court.

[3] The plaintiff commenced an action against the defendants in the High Court premised on three causes of action, namely, infringement of trademark of the plaintiff, breach of dealership agreement and the tort of passing off.

[4] After a full trial the learned High Court judge decided in favour of the plaintiff on all the three causes of actions. However, upon appeal to the Court of Appeal, the decision was reversed in favour of the defendants with costs of RM40,000 to be paid to the defendants. Hence, the appeal by the plaintiff before us on the aforesaid questions of law.

BACKGROUND

[5] The plaintiff is a distributing company for 'Royal Expert' beauty products. These products bear a 'Royal Expert White' trademark which has been registered in the Register of Trade Marks under the Trade Marks Act 1976 ('the TMA') for goods in Class 3 (inter alia, creams for wrinkles and skin whitening). In that regard, the plaintiff is the owner of the registered trademark which is set out below:

"

[6] The first defendant (D1) is the wife of the second defendant (D2).

[7] D1 entered into a dealership agreement (agreement) dated 9 September 2019 with the plaintiff. D2 is the sole proprietor of Rafica Resources (RR) and has distributed (together with D1) the plaintiff's products.

[8] D1 had sold skin whitening cream bearing the trademark 'Real Expert White' as well as packaging which is allegedly similar to the plaintiff's products. The defendants' products 'Real Expert White' cream bears the mark as shown below:

[9] As a result, the plaintiff commenced an action against the defendants for the following causes of action:

(a) breach of the agreement, namely cll 7.4 and 14.4;

(b) trademark infringement of the plaintiff's trademark under s 38(1)(a) of the TMA when the defendants have sold 'Real Expert White' products; and

(c) passing off 'Real Expert White' products as the plaintiff's products.

[10] The plaintiff claims against the defendants for, inter alia:

(a) general damages for losses incurred;

(b) an order for the defendants to give an account of all profits made by the defendants by manufacturing and/or distributing and/or selling whitening cream under the brand 'Real Expert White'; and

(c) an injunction to restrain the defendants or their agents from manufacturing and/or distributing and/or selling whitening cream under the brand 'Real Expert White'.

PROCEEDINGS AT THE HIGH COURT

[11] The case went for full trial in the High Court and at the close of the plaintiff's case, the defendants elected not to adduce any oral evidence.

[12] At the end of the trial, the High Court allowed the plaintiff's claim. The defendants were held liable on all the three causes of actions and assessment of damages was ordered accordingly.

[13] The issues addressed before the High Court were:

(a) what is the effect when the defendants elected not to adduce oral evidence in this case;

(b) whether the defendants have breached the agreement by selling Real Expert White Products;

(c) whether the defendants could rely on a press release from the Ministry of Health pertaining to the application of reg 18A of the Control of Drugs and Cosmetics Regulations 1984 ('the CDCR 1984');

(d) whether the defendants infringed the plaintiff's registered trademark under s 38(1)(a) of the TMA by selling Real Expert White Products. In determining whether there was an infringement of the trademark, the following issues arose:

(i) pursuant to ss 18(2), 35(1) and 40(2) of the TMA, what is the effect of a 'Disclaimer/Condition' in the plaintiff's Registered Trade Mark; and

(ii) can the defendants rely on s 14(1)(a) and (1)(b) of the TMA when

there is no counterclaim by the defendants under s 45(1)(a) of the TMA to remove the plaintiff's registered trademark from the Register. In this regard, is there a distinction between the use of a registered trademark and the contents of goods bearing the registered trademark?; and

(e) whether the defendants committed the tort of passing off Real Expert White products as the plaintiff's goods.

The effect of the defendant in not adducing oral evidence

[14] The learned trial judge referred to *Takako Sakao (f) v Ng Pek Yuen (f) & Anor* [2009] 6 MLJ 751 where the court presumed that the plaintiff's evidence to be true. The court found that the witnesses, SP1, SP2 and SP3 are credible witnesses and their evidence was not undermined during cross examination. The court invoked an adverse inference under s 114(g) of the Evidence Act 1950 when the defendant failed to adduce any evidence to rebut the evidence of the plaintiff.

[15] The basis for such holding by the learned trial judge are:

(a) if the defence wishes to make a submission of no case to answer, then the trial court is under an obligation to put to the election of the defence counsel that he would not call any evidence. The reason for such obligation is that no judge should be asked for his conclusion or opinion on the evidence until such evidence is concluded;

(b) if the party on whom the burden of proof lies, gives or calls evidence, then the judge is bound to call upon the other party, and has no power to hold that the first party has failed to prove his case. At this stage the truth or falsity of the evidence is immaterial. For the purpose of testing whether there is a case to answer, all the evidence given must be presumed to be true; and

(c) therefore, once a defendant elects not to call evidence, then all the evidence led by the plaintiff must be assumed to be true.

Whether the defendants have breached the agreement by selling Real Expert White Products

[16] It was held that the agreement was between D1 and the plaintiff. D2 was never a party to the agreement although the agreement states that D1 traded under RR's name and that she was an employee of RR. As a result, the court found that D2 could not be held liable under the agreement premised on the doctrine of privity of contract.

[17] Consequently, the court was satisfied that D1 has breached cl 7.4 of the agreement which provides:

> 7.4 The Dealer shall at all times conduct its business in such a manner as to enhance the reputation and credibility of the Company and Products. It shall, in particular:
>
> 7.4.1. refrain from participating in any unlawful, unfair, deceitful or immoral practices and refrain from selling the Products to any other dealer or organisation, which has recourse to such practices; and
>
> 7.4.2. present the Products in a fair and appropriate manner. For such purpose, the Dealer shall not disparage the Company and the Products and shall not make statements concerning the characteristics or capabilities of the Products which may not be in accordance with those described in this documentation; nor shall the Dealer market the Products for correspondence.

D1's sales of Real Expert White products was to enhance the reputation and credibility of the plaintiff and the plaintiff's products, as clearly stated in the said clause.

[18] It was also found that D1 has breached cl 14.4 of the agreement when she failed to notify the plaintiff promptly regarding the 'actual, threatened or suspected' infringement of the plaintiff's registered trademark and the tort of passing off. Clause 14.4 provides:

> 14.4. The dealer must promptly and fully notify the Company of any actual, threatened or suspected infringement in the Territory of any intellectual property of the Company that comes to the dealer's notice, and of any claim by any third party coming to his notice that the importation of the Products into the Territory or their sale in it infringes any rights of any other person.

Whether the defendants can rely on a press release from the Ministry of Health pertaining to the application of reg 18A of the Control of Drugs and Cosmetics Regulations 1984

[19] D1 contended that based on the Ministry's Press Release, Ortus Expert White's registered trademark should not have been registered by the Registrar of Trade Marks as the use of the same would be contrary to law, namely, regulation 18A of the CDCR 1984 (as provided under s 14(1)(a) of the TMA) and is not entitled to protection by the court (as provided under s 14(1)(b) of the TMA).

[20] The learned High Court judge rejected such argument by D1 and held that D1 is precluded from relying on the Ministry's Press Release as it concerned Ortus Expert Cosmetics Sdn Bhd ('OEC') products and not that of the plaintiff, Ortus Expert White. Based on trite principle of separate legal entity, Ortus Expert White is a legal entity which is distinct and separate from Ortus Expert Cosmetics Sdn Bhd. The court could not lifted the corporate veil

of the plaintiff and OEC as the defendants failed to plead that OEC and plaintiff are part of a single group entity and neither was such evidence adduced by the defendants during trial.

[21] The plaintiff's products are included in the list of Registered/Notified Products, therefore they are 'notified cosmetic' within the meaning of reg 18A(1) and (2) of the CDCR 1984. Under the CDCR 1984, reg 18A(1) provides:

> (1) No person shall manufacture, sell, supply, import, possesses any cosmetics —
>
> (a) unless the cosmetic is a notified cosmetic;

Regulation 18A(2) provides that:

> (2) For the purpose of subregulation (1), 'notified cosmetics' means a cosmetic as specified in the notification issued by the Director of Pharmaceutical Services, in the manner as he deems fit.

Under the CDCR 1984, it is an offence for anyone to manufacture, sell, supply, import, possesses any cosmetics without prior notification to the Director of Pharmaceutical Services. In the present case there was no evidence to show that the Director of Pharmaceutical Services has cancelled the notification of the plaintiff's products pursuant to reg 18A(8) and (2) of the CDCR 1984. With this notification, the plaintiff is entitled to 'sell, supply, import, possess or administer' the plaintiff's products. As the Ministry's Press Release is in reference to another entity which is not the plaintiff, it therefore follows that the defendants cannot rely on the Ministry's Press Release to argue that the plaintiff's registered trademark should not have been registered by the Registrar of Trade Marks, relying on ss 14(1)(a) and (b) of the TMA.

[22] D1 also failed to adduce evidence to prove that the plaintiff, Ortus Expert White has been investigated, prosecuted and/or convicted of any offence under the CDCR 1984 regarding Ortus Expert White's beauty products.

Whether the defendants infringed the plaintiff's registered trademark under s 38(1)(a) TMA by selling Real Expert White Products

[23] The High Court relied on the Federal Court decision in *Low Chi Yong (t/a Reynox Fertichem Industries) v Low Chi Hong & Anor* [2018] 1 MLJ 175 (at paras 35–37) which held that five elements must be proven to show that there was an infringement of s 38 of the TMA. The High Court found that the present case satisfies all the five elements of trademark infringement under s 38(1)(a) of the TMA, namely:

(a) the defendants have used Real Expert White mark which so nearly resembles the plaintiff's registered trademark so as to cause a likelihood

of confusion or deception between the consumers of the plaintiff's products and Real Expert White products;

(b) the defendants are neither the registered proprietors nor the registered users of the plaintiff's registered trademark;

(c) the defendants have used Real Expert White mark in the course of trade;

(d) the defendants have used Real Expert White products within the scope of registration of the plaintiff's registered trademark; and

(e) the defendants have used Real Expert White mark in such a manner as to render its use likely to be taken as being used as a trademark or as importing a reference to the plaintiff or the plaintiff's registered trademark.

[24] The learned trial judge was satisfied that the plaintiff has discharged the legal and the evidential burden to prove the existence of a likelihood of confusion/deception through visual comparison and similarity in the types of products and descriptions. This was explained by the learned High Court judge at para 28 of His Lordship's judgment which can be summarised as follows:

(a) there are two 'distinguishing' or 'essential features' of the plaintiff's registered trademark which strike the eye and fix themselves in the recollection of the users of the plaintiff's goods ie the 'Crown Device' and the 'rectangle'. The trial court further held that Real Expert White mark has a Diamond-shaped device which is similarly confusing and/or deceptive as the Crown Device. The Diamond-shaped device is placed at the top and the middle of Real Expert White mark (the same position as the Crown Device in the plaintiff's registered trademark). Real Expert White mark has a rectangle (same as the plaintiff's registered trademark);

(b) there is a likelihood of confusion/deception because a visual comparison between the plaintiff's registered trademark and Real Expert White mark has the two distinguishing features of a Diamond-shaped device and the rectangle;

(c) the plaintiff's goods and Real Expert White products are both cosmetics products and there is a similarity of the description between the two, namely, whitening cream;

(d) the consumers of the plaintiff's goods and the Real Expert White products are of the same category;

(e) there is a similarity of ideas or concept between the two products as both marks are similarly applied on the box packaging of the goods; and

(f) applying the 'general recollection test' as explained in the Federal Court case of *MI & M Corporation & Anor v A Mohamed Ibrahim* [1964] 1

MLJ 392, that a reasonable consumer with an average memory and an imperfect recollection, is likely to be deceived and/or confused between the plaintiff's registered trademark and Real Expert White mark.

[25] The learned High Court judge held that the court cannot consider the disclaimer in the plaintiff's registered trademark in deciding the existence of a likelihood of confusion or deception by the defendants' use of Real Expert White mark pursuant to ss 18(2), 35(1) and 40(2) of the TMA. Therefore, no action for infringement lies in respect of the use or imitation of the disclaimed particulars.

[26] However, the learned High Court judge held that there is a likelihood of confusion or deception by the defendants' use of Real Expert White mark based on para 23(ii) above.

On s 14(1)(a) and (1)(b) of the TMA

[27] The learned High Court judge held that the defendants cannot rely on ss 14(1)(a) and (1)(b) of the TMA, because they did not counterclaim to remove the plaintiff's registered trademark from the Register of Trade Marks. There is a distinction between the use of a registered trademark and the contents of goods bearing the registered trademark.

[28] The contents of goods, whether it is contrary to any laws or not, have no bearing on the use and/or viability of a registered trademark. Further, a defendant in a trademark infringement action cannot rely upon s 14(1)(a) and (1)(b) of the TMA unless a counterclaim to expunge a plaintiff's registered trademark is initiated.

[29] Section 14(1)(a) and (1)(b) of the TMA provides for certain conditions for the registration of trademark. However, the plaintiff's trademark has already been registered. Therefore, the plaintiff's registered trademark is prima facie valid pursuant to s 36 of the TMA.

[30] For the defendants to avail themselves of s 14(1)(a) and (1)(b) of the TMA, they should have applied under s 45(1)(a) of the TMA to expunge the plaintiff's registered trademark.

Whether the defendants committed the tort of passing off Real Expert White Products as the plaintiff's goods

[31] Case laws recognised that there are tests to be fulfilled so as to constitute the tort of passing off. Essentially, the test requires a plaintiff in a passing off action based on a mark or get-up, to prove that the plaintiff enjoys goodwill in

the business regarding the mark or get-up, misrepresentation and damage caused by the misrepresentation to the plaintiff's goodwill. The learned High Court judge was satisfied that the plaintiff's registered trademark and get-up of the plaintiff's products attract businesses and customers premised on the evidence of SP1 and SP2.

[32] The learned High Court judge found that there is misrepresentation by the defendants in which the defendants have misrepresented Real Expert White products as the plaintiff's goods and is proven by the following:

(a) the existence of likelihood of confusion/deception;

(b) a pronunciation of the plaintiff's registered trademark and Real Expert White mark sound confusingly similar and deceptive alike;

(c) a visual comparison of the plaintiff's get-up and the get-up of Real Expert White products shows that both get-ups have a similar white and blue colour. Such similarities support the existence of the likelihood of confusion and deception; and

(d) there was no denial by the defendants of the allegation by the plaintiff regarding the defendants' misrepresentation in the plaintiff's demand.

[33] The plaintiff's products and Real Expert White products are in direct competition with each other, and in such situation, the court will readily infer likelihood of damage to the plaintiff's goodwill through loss of sales and loss of exclusive use of the plaintiff's registered trademark and the plaintiff's get-up (refer to *Seet Chuan Seng & Anor v Tee Yih Jia Food Manufacturing Pte Ltd* [1994] 2 MLJ 770 at p 781; [1994] 3 CLJ 7 at p 15). In this case, the plaintiff proved actual loss in the form of the loss of gross profit. Therefore, the tort of passing off has been made out.

[34] As the plaintiff has proven all the three causes of action on a balance of probability, the learned trial judge allowed the plaintiff's claim with costs.

PROCEEDINGS AT THE COURT OF APPEAL

The effect of the defendant's election in not adducing evidence after the close of the plaintiff's case

[35] The primary focus for consideration at the Court of Appeal was whether the plaintiff had fully discharged the burden of proving the infringement of trademark or the tort of passing off by the defendants.

[36] The Court of Appeal accepted the position of the law that once a defendant elects not to call for evidence, apart from being bound by such election, all the evidence led by the plaintiff must be assumed to be true (*Syarikat Kemajuan Timbermine Sdn Bhd v Kerajaan Negeri Kelantan* [2015] MLJU 70; [2015] 2 AMR 142). However, the fact that the defendant led no evidence or call any witness does not absolve the plaintiff from discharging its burden to prove its claim in law. The evidence adduced by the plaintiff must be sufficient to prove the claim (*Mohamed Junus v Rahman Shah Alang Ibrahim & Anor* [2008] 3 MLJ 81; [2008] 2 CLJ 369). In this case, the Court of Appeal found that the evidence adduced by the plaintiff was insufficient to substantiate its claim for infringement of trademark and the tort of passing off.

Infringement of trademark

[37] On the infringement of trademark, the Court of Appeal was of the view that, the comparison of essential features by the High Court was gravely flawed. The only striking similarities between the two marks, are the disclaimed words 'Expert White', which are not protected under the trademark registration.

[38] The Court of Appeal held that the ideas and concept of the registered trademark and the alleged infringing trademark is 'Royal Expert White' and 'Real Expert White' which are completely distinct and different and cannot be confused with each other.

[39] Since the legal and evidential burden of proof was of the mark used by the defendants, was identical or similar, was not established by the plaintiff during the trial on the infringement of trademark, the defendant's counsel was correct when he made a no case to answer at the close of the plaintiff's case.

[40] Even if the plaintiff's evidence is unopposed and presumed to be true on the basis that the defendants elected not to adduce evidence, the law requires that the evidence adduced by the plaintiff must be sufficient to prove that the defendants had infringed the plaintiff's registered trademark.

[41] The Court of Appeal held that comparison must be made between the plaintiff's registered trademark and the defendants' mark as it appeared in actual use, following the guideline on the essential feature concept as set out by Mohamed Dzaiddin J in *JS Staedtler & Anor v Lee & Sons Enterprise Sdn Bhd* [1993] MLJU 569.

[42] It further held that the type of the plaintiff's registered trademark is 'combined', which means that the words, picture or logo used combined together make up the registered trademark. *They must appear in this same combination for the protection against infringement of trademark*.

[43] As the plaintiff has no right to the exclusive use of the disclaimed words 'Royal' and 'Expert White', and based on ss 18(2), 35(1) and 40(2) of the TMA, the court cannot consider the disclaimed words in deciding the existence of a likelihood of confusion or deception. Therefore, it was held that there is no clear evidence that the defendants have used Real Expert White mark which resembles the plaintiff's registered trademark. It was also held that the defendant's Real Expert White mark could not cause a likelihood of confusion or deception, because:

(a) on visual comparison, the plaintiff's registered trademark has a crown device, while the defendants' Real Expert White mark has a Diamond-shape device. Therefore, they are not similar;

(b) the ideas and concepts of the words 'Royal' and 'Real' are completely distinct and different, as the word, 'Royal' connotes ideas of kings, queens, majestic, royalty and regal grandiosity. On the other hand, 'Real' means true, actual, authentic, genuine and physical, and in Bahasa Malaysia, *benar*, *betul*, *sebenar*, etc; and

(c) mere similarity phonetically in one of two words marks is not sufficient to make a case of infringement of trademark. 'Royal' has two syllables that starts with the sound 'Ro'. On the other hand, 'Real' has single syllable that starts with the sound 'Ray'.

[44] Hence, the Court of Appeal held that D1 and D2 do not infringe the plaintiff's mark and not likely to cause confusion or deception. The Court of Appeal held that the plaintiff failed to discharge their burden of proof that there was an infringement of trademark of the plaintiff.

Tort of passing off

[45] On the issue of passing off, the court held that the plaintiff failed to prove the same, for the following reasons:

(a) the element of goodwill for the product of the plaintiff ie 'Royal Expert Whitening Cream' was destroyed by the Ministry's Press Statement that it contained mercury;

(b) the learned trial judge had wrongfully referred to the list of registered/notified products, whereby the list does not include the 'Royal Expert Whitening Cream', and that the list contained products of the plaintiff and of another non-party to the suit. Therefore, the plaintiff had failed to prove that the defendants in selling the Real Expert Whitening Cream was passing off a product of the plaintiff and the goodwill of the plaintiff; and

(c) since there was no infringement of the plaintiff's registered trademark, then the alleged misrepresentation also fails.

Decision of the Court of Appeal

[46] As there was no infringement of the plaintiff's registered trademark and the plaintiff failed to prove passing off by the D1 and D2, the Court of Appeal held that there was no breach of the agreement. As a result, the court unanimously decided that the appeal was allowed with cost and the High Court's decision was set aside.

PROCEEDINGS AT THE FEDERAL COURT

[47] The plaintiff premised its appeal on the following grounds that the Court of Appeal had erred in holding that there was no infringement of trademark and no likelihood of confusion and/or deception as the Court of Appeal:

(a) failed to take into consideration of the disclaimed words in juxtaposition or in combination with the essential features in the registered trademark in the determination of the infringement of registered trademark and the tort of passing off (this is a novel point of law in which a question was framed for the determination of this court);

(b) failed to appreciate the essential features of the registered trademark;

(c) failed to consider the circumstances of the trade of both of the plaintiff's products and the defendants' products;

(d) failed to consider the evidence of confusion; and

(e) took into account the defendants' unpleaded defence, namely non-use of the trademark.

OUR DECISION

The first question of law

[48] The first question of law refers to the role of disclaimers and essential features in the registered trademark for the purpose of deciding whether there is likelihood of confusion and/or deception in the determination of infringement of trademark and the tort of passing off.

[49] However, before we proceed to determine the first question of law, we need to state our view on the way the first question of law was drafted, which we view as being incorrect. A reading of the said question has combined/mixed the role of disclaimers in trademark infringement action and the tort of passing off.

[50] The law on disclaimers vis a vis in the context of infringement of trademark and in the context of the tort of passing off is different and distinct. In trademark infringement cases, it is the plaintiff who attaches a disclaimer in the application from trademark registration. Whereas, in a passing off case, a disclaimer is where the defendant uses a mark which is distinctive of the plaintiff, but attaches a disclaimer to its usage to indicate that there is no link or nexus between the defendant's mark with that of the plaintiff. We also need to state at the outset that the facts in the present case show that the defendant did not have a disclaimer stating the non-nexus between the plaintiff's goods and the defendant's.

[51] Given the aforesaid, the way the first question of law was drafted failed to take into account this distinction of the role of disclaimers in trademark infringement and in the tort of passing off. Hence, the first question of law as it stands, is misconceived. This was also in accordance to the submission of the plaintiff. Therefore, on our own motion, we amend the first question of law to read:

> Whether in a trademark infringement action, the court ought to consider the disclaimed words in juxtaposition or in combination with the essential features in the registered trademark for the purpose of deciding whether there is a likelihood of confusion and/or deception?

('the amended question 1').

We now proceed to answer the amended question 1.

The amended question 1

[52] There is a disclaimer in the plaintiff's registered trademark, in that the plaintiff has no right to the exclusive use of the words 'Royal' and 'Expert White'.

[53] The Court of Appeal is of the view that the court cannot consider the disclaimed words in deciding on the existence of a likelihood of confusion and deception and it is to be borne in mind that the trademark of the plaintiff is a 'combined' trademark. This means the words used, the picture or logo used combined together make up the registered trademark of the plaintiff. When the type of trademark is combined, the registration will not protect the words only or the picture only in isolation. Hence, they must appear in this same combination mark for protection against infringement of trademark. Moreover the disclaimed words are not protected under the TMA pursuant to ss 18(2), 35(1) and 40(2) of the same.

[54] However, counsel for the plaintiff submits that the Court of Appeal had erred when it failed to take into consideration the disclaimed words in

juxtaposition or in combination with the essential features in the registered trademark in a trademark infringement.

[55] The plaintiff's stand is that the disclaimed word(s) ought to be taken into consideration together with all the essential features of a trademark or get-up when determining whether there is a likelihood of confusion and deception in a trademark infringement instead of disregarding the disclaimed word(s) in totality. Otherwise, infringers can easily escape liability by relying on the presence of the disclaimed words in their products, as is illustrated by the present appeal where the defendants' products consist of so many similarities in several aspects.

Whether there is infringement of trademark

[56] In determining whether there was infringement of trademark of the plaintiff, s 38 of the TMA and the case of *Low Chi Yong* provides and established the ingredients that needs to be proved for such a cause of action:

> [37] Under s 38 of the TMA 1976 the appellant needs to establish the following ingredients, inter alia:
>
> (i) The respondent used a mark identical with or so nearly resembling the trademark as *is likely to deceive and/or cause confusion …*
>
> (ii) The respondent is not the registered proprietor or the registered user of the trademark;
>
> (iii) The respondent was using the offending trademark in the course of trade;
>
> (iv) The respondent was using the offending trademark in relation to goods or services within the scope of the registration; and
>
> (v) The respondent used the offending mark in such a manner as to render the use likely to be taken either as being used as a trademark or as importing reference to the registered proprietor or the registered user or to their goods or services.

[57] The first ingredient as laid down in *Low Chi Yong* is known as 'the test of Likelihood of Confusion or Deception'. In this regard, the Supreme Court in the case of *Tohtonku Sdn Bhd v Superace (M) Sdn Bhd* [1992] 2 MLJ 63, at p 65 sets out what constitutes an infringement of a registered trademark when it held as follows:

> Under s 38 of the Trade Marks Act 1976, a registered trademark is infringed by a person who uses a mark which:
>
> (a) is identical with it; or
>
> (b) so nearly resembling it as is *likely to deceive*; or
>
> (c) so nearly resembling it as is *likely to cause confusion.* (Emphasis added.)

[58] Section 38 of the TMA explicitly requires the court to consider whether *such resemblance of the trademark is likely to deceive or cause confusion.* Mere resemblance is insufficient. The resemblance must be such as to *cause a likelihood of deception or confusion amongst customers.*

[59] The word, 'likely' denotes what is required to be established is only a probability or possibility of confusion/deception (as per Azahar Mohamed J (as he then was) in the High Court case of *Danone Biscuits Manufacturing (M) Sdn Bhd (formerly known as Britania Brands (M) Sdn Bhd) v Hwa Tai Industries Bhd* [2010] 8 MLJ 500).

[60] As for the word, 'deceived', we are aided by the judgment of the Court of Appeal of New Zealand in the case of *Pioneer Ht-Bred CORN Co v Hy-line Chicks Pty Ltd* [1977] RPC 410, to mean, 'the creation of an incorrect belief or mental impression'. As to the words 'cause confusion' it 'means perplexing or mixing up the minds of the purchasing public.'

[61] In the infringement of a trademark action, the determination of whether there is likelihood of confusion/deception of the public ultimately lies with the court and not for the witnesses to decide. Support for this proposition can be found in the Federal Court case of *Ho Tack Sien & Ors v Rotta Research Laboratorium SpA & Anor (Registrar of Trade Marks, intervener)* [2015] 4 MLJ 166; [2015] 3 MLRA 611; judgment of Lord Hodson in *Parker-Knoll Limited v Knoll International Limited* [1962] RPC 265 at p 285).

[62] The issue as to whether the mark used by the defendant is identical with, or so nearly resembling the trademark of the plaintiff, as is likely to deceive or cause confusion, is a question of fact having regard to the particular circumstances of the case (refer to *MI & M Corporation & Anor v Mohamed Ibrahim* [1964] 1 MLJ 392; *Tan Hap @ Tan Hwa Ho & Anor (both t/a Kwong Hock Htn) v Liang Ann Hock t/a Kim Guan Trading Company* [1989] 2 CLJ 500). It is the duty of the Court to conduct an enquiry as to whether a mark resembles another and this involves the eye as well as the ear together with some composite factors like phonetics and semantics.

[63] Whilst there is no formula to determine the degree of resemblance before one can determine that a mark so nearly resembles another as is likely to cause confusion, there are however, several guidelines devised by the courts through decided cases, which we will elaborate in the later part of this judgment.

A The legal position of 'disclaimed' words in a registered trademark

[64] Section 18 of the TMA provides that a disclaimer is a condition upon the Register of Trade Mark, that the proprietor shall disclaim any right to the exclusive use of any such part or matter. Further provisions can be found in ss 35(1) and 40(2) of the TMA which provide that the proprietor of a registered trademark does not have exclusive right to use in relation to the disclaimer.

[65] Ambrose J in the Singapore case of *British-American Tobacco Co Ltd v Tobacco Importers & Manufacturers Ltd & Ors* [1963] 1 MLJ 196, accepted the following passage from *Kerly's Law of Trade Marks* (8th Ed) p 150, as a correct statement of the law with regards to the effect of disclaimers on proprietors of registered trademarks when His Lordship said at p 198 of the judgment:

> The effect of a disclaimer is that the proprietor of the registered trademark cannot claim any trademark rights in respect of the parts of the mark to which the disclaimer relates, so that, for instance, no action for infringement lies in respect of the use or imitation of the disclaimed particulars.

[66] As no exclusive trademark rights may be claimed in relation to disclaimers, a subsequent application for a trademark is free to use that component. A third party may use such parts in their trademark for registration. In our present appeal, the plaintiff therefore has no exclusive right to the use of the disclaimed words 'Royal' and 'Expert White'.

[67] Our High Courts have, over the years, the occasion to decide on the effect of disclaimer found in a mark in the following cases:

(a) *Tint Shop (M) Sdn Bhd v Infinity Audio Marketing Sdn Bhd* [2017] MLJU 597 (HC) ('Tint Shop');

(b) *Jyothy Laboratories Ltd v Perusahaan Bumi Tulin Sdn Bhd* [2018] MLJU 359 (HC) ('Jyothy Laboratories');

(c) *Shizens Cosmetic Marketing (M) Sdn Bhd v LVMH Perfumes and Cosmetics (M) Sdn Bhd* [2019] MLJU 1377 (HC) ('Shizens'); and

(d) *Sanbos (Malaysia) Sdn Bhd v Tiong Mak Liquor Trading (M) Sdn Bhd* [2008] 3 MLJ 100; [2008] 10 CLJ 538 (HC) ('Sanbos'),

but none provided a clear answer to the question of whether the courts can consider disclaimed words in juxtaposition or in combination with the essential features in the registered trademark for the purpose of deciding whether there is a likelihood of confusion and/or deception. The cases appear to decide as follows:

(a) the principles are only confined to the extent that the court cannot decide on trademark infringement upon the use of disclaimed words. In other words, the court cannot decide that there is trademark infringement *solely* on the basis that the defendant uses the disclaimed words *itself*. It does not expand further, than holding that the court cannot consider the disclaimed words at all in a holistic manner;

(b) in *Sanbos*, the court held that the plaintiff had no exclusive right over the numerals '99' and '999', and therefore the court disregarded the same when comparing whether the defendant's mark is confusingly similar to the plaintiff's registered trademark. However, the court took cognisance that the plaintiff and the defendant's marks are to be looked at as a whole in order to determine the essential features of the plaintiff's registered trademark. *This will involve considering the phonetic, visual and get-up of the whole marks which would include the disclaimed words altogether, although disclaimers are not considered as essential particulars* (paras 20–24). *Sanbos* held that the get-up which contains words and numerals in gold with a red background is not peculiar and/or distinctive of the plaintiff. Further, the numeral '9' and get-up is common to the trade. The court also finds that the plaintiff has failed to adduce any evidence on use of the 'CLUB 999' mark; and

(c) in *Shizens*, the court held that it cannot consider the disclaimed word 'Lip' in deciding whether the defendant's mark infringed the plaintiff's registered trademark, because the plaintiff had no exclusive use of the disclaimed word. However, the court proceeded to decide the issue of infringement based on the plaintiff and defendant's marks as a whole which would mean including the disclaimed word in terms of phonetic, visual and trade channel aspects (paragraph 48 of the judgment). The court placed great emphasis on the substantial reputation of the LVMH brand or products as compared to Shizen's and thus there is no likelihood of deception/confusion between reasonable purchasers that LVMH's DIOR mark (ie Dior Addict LIP TATOO Products) will distinguish it from Shizens' LIP TATOO mark.

Given the aforesaid authorities, the current state of the law in Malaysia as to whether courts can consider disclaimed words together with essential features in trademark infringement, is unclear. However, we take note of *Shizens,* which demonstrated that *the court can proceed to decide the issue of infringement based on the plaintiff and defendant's marks as a whole which would include the disclaimed word in terms of phonetic, visual and trade channel aspects.* We will be addressing whether courts ought to adopt this approach and whether it is legally justified to do so.

[68] As early as 1953, it has been held that in comparing marks, due allowance must be given to the fact that a mark is a whole thing and therefore

should be considered in its entirety (*Re Lovens Kemiske Fabrik Ved A Konsted's Application for Registration of Trade Marks 'Leocillin'* [1953] 1 MLJ 215 and *Tan Hap @ Tan Hwa Ho & Anor (both t/a Syarikat Kwong Hock Hin) v Liang Ann Hock t/a Kim Guan Trading Company* [1989] 2 CLJ 500). When comparing the marks, one ought not to break down a mark into parts and compare each part with the corresponding part of the other mark to determine resembling features.

[69] Ambrose J in *British-American Tobacco*, agreed with the view as expressed by Lloyd-Jacob in *Taw Manufacturing Co Ltd v Notek Engineering Co Ltd* (1951) 68 RPC 271 when His Lordship held that a disclaimed feature cannot be regarded as an essential particular and that a disclaimed feature is the antithesis of an essential particular. Further, Ambrose J accepted the following passage from *Kerly's Law of Trade Marks* (8th Ed) p 150, as a correct statement of the law, which states:

> The effect of a disclaimer is that the proprietor of the registered trade mark cannot claim any trade mark rights in respect of the parts of the mark to which the disclaimer relates, so that, for instance, no action for infringement lies in respect of the use or imitation of the disclaimed particulars.

[70] This particular passage by Ambrose J, has often been cited in support of the proposition that courts cannot consider disclaimed words in deciding whether there is infringement of trademark and comparing whether there is likelihood of confusion or deception. However, such a proposition is misconceived upon a full consideration of Ambrose J's judgment in the said case.

[71] In fact, after Ambrose J held that 'no action for infringement lies in respect of the use or imitation of the disclaimed particulars', His Lordship proceeded to decide that *when comparing the marks, the proper course is to look at the marks as wholes and not to disregard the parts which are common.* From His Lordship's judgment, it appears that *disclaimed words which was referred to as the 'common parts' in the marks* ought to be considered by the court in a holistic manner in reaching a decision as to whether there is likelihood of confusion or deception. The case made specific reference to words having being disclaimed by the plaintiffs may be treated as something common to the trade. This is evident from His Lordship's view at p 198 of the judgment, as reproduced below:

> The second proposition of counsel for the plaintiffs was that *where common marks are included in the trademarks to be compared, or in one of them, the proper course is to look at the marks as wholes and not to disregard the parts which are common.* He cited *Re Farrow's Application* (1890) 7 RPC 260, as authority for it. The proposition is to be found in *Kerly's Law of Trade Marks* (8th edition), at page 407. It was conceded by counsel for the defendants. And *I accepted it as a correct statement of the law.*

Counsel for the plaintiffs said that *the words 'Gold Leaf' having been disclaimed by the plaintiffs may be treated as something common to the trade*. The expression 'common to the trade' has two meanings: (1) in common use in the trade; (2) open to the trade to use. Counsel meant that the words 'Gold Leaf' were open to the trade to use. *I found on the evidence before me that the words 'Gold Leaf' were in common use in the trade; and also that red and white panels were in common use in the trade. Before applying the above proposition to the facts of this case, I had to consider the evidence adduced by the plaintiffs as to actual confusion.*

...

For the proper principle to apply in comparing marks is to look at the marks as wholes and not to disregard the parts which are common. (Emphasis added.)

[72] Similar proposition has also been held in the English case of *Re Farrow's Application* (1890) 7 RPC 260, where the High Court said that:

It has been said and argued that the distinguishing feature of the Applicant's trade mark is the word 'Nitedals,' and that we are to regard that, and not to regard other matters contained on the trade mark, which are said to be common to the trade. *It may be that those other matters are common to the trade, but in dealing with matters which are common to the trade, I think we must look at the combination of those different matters common to the trade, their collocation and arrangement; and if we find things that are common to the trade, all inserted in a similar position in a similar form, and in similar arrangements, so as to make the whole so similar as to be calculated to deceive, I think that is enough.* (Emphasis added.)

Whether disclaimed words could only be considered in an action of expungement, not infringement

[73] The plaintiff has directed our attention to the English case of *Granada Trade Mark* [1979] RPC 303, which was referred to, by the learned High Court judge in *Jyothy Laboratories,* where His Lordship there, made a distinction between an action for infringement and expungement and held that disclaimed words could only be considered in an action of expungement not infringement. This can be discerned from His Lordship's judgment at para 54(2) which reads:

(2) although the court cannot refer to the subject matter of a Disclaimer when an owner of a registered trade mark enforces his or her exclusive right to the use of the registered trade mark, *the court may however, refer to the subject matter of the Disclaimer in deciding whether the registered trade mark should be removed from the Register on the ground of existence of a Likelihood of Deception/Confusion pursuant to the first limb of* s 14(1)(a) read with ss 37(b) and 45(1)(a) TMA. This is understandable as the purpose of the first limb of s 14(1)(a) TMA is to protect the public from being deceived or confused regarding the origin or quality of goods and services by the use of a registered trade mark.

Our first limb of s 14(1)(a) TMA is similar to s 12(1) of United Kingdom's (UK) Trade Marks Act 1938 [TMA 1938 (UK)]. As such, decisions of UK's Registrar of

Trade Marks (UK's Registrar) on s 12(1) TMA 1938 (UK) may be referred to in the construction of our first limb of s 14(1)(a) TMA. *I rely on the following decisions of UK's Registrar —*

> (a) in Granada Trade Mark [1979] RPC 303, at 306, Mr. Myall (from the office of UK's Registrar) ...

[74] However, *General Cigar Co Inc v Partagas Y Cia SA* [2005] All ER (D) 505 (Jul); [2005] EWHC 1729 (Ch), HC, held that such a distinction (between the effect of a disclaimer upon registration matters and infringement) is misconceived and based on a false premise. This is evident from the judgment:

> 87. I accept the argument for the Registrar that General Cigar's suggested *distinction between the effect of a disclaimer upon registration matters and infringement issues is based upon a false premise*. A disclaimer only applies to part of a mark (because the whole of a valid mark could never be disclaimer, otherwise it would not be distinctive), and so a disclaimer only has any relevance when the marks under consideration are similar, rather than identical. This is because *a disclaimer operates to affect the scope of protection by influencing the analysis of the likelihood of confusion. This concept is common to both section 10 (infringement) and section 5 (registrability), and should be applied equally in each scenario.* (Emphasis added.)

[75] *General Cigar* established the proposition that there should not be any different in the approach to be taken on the effect of a disclaimer in determining confusion for the purposes of opposition to a proposed registration of a trademark from that applicable to determine confusion in an infringement action. The Singapore Court of Appeal also adopted this approach as evident in *Valentino Globe BV v Pacific Rim Industries Inc* [2010] 2 SLR 1203, CA, when it held that:

> Whilst we recognised that the case of Polo was concerned with the question of confusion relating to infringement under section 27(2) of the [1998 Act], *we were unable to see why the approach to be taken for determining confusion for the purposes of opposition to a proposed registration under section 8(2) should be any different from that applicable to determine confusion under section 27(2). Moreover, and more importantly, the material words of the two provisions are identical.* (Emphasis added.)

We are also inclined to adopt such an approach in this matter.

[76] Hence, following from the abovesaid authorities, the justifications for the test of likelihood of confusion and/or deception is to be applied equally in expungement and infringement actions, namely, the court ought to consider the marks as a whole and take into account the disclaimed words in infringement action as it does in expungement actions.

[77] Thus, discerning from the aforesaid authorities, we are of the view that:

(a) in a trademark infringement action, the court ought to consider disclaimed words in juxtaposition or in combination with the essential features in the registered trademark for the purpose of deciding whether there is a likelihood of confusion and/or deception;

(b) the court cannot decide the issues of infringement of trademark and likelihood of confusion and/or deception *solely* upon the basis of the use of disclaimed words;

(c) disclaimed words cannot be regarded as essential feature;

(d) the court can consider disclaimed words in terms of phonetic, visual, and trade channel aspects for comparison to decide whether there is likelihood of confusion and/or deception; and

(e) the court shall consider the marks as wholes and not to disregard the disclaimed words, and whether their collocation and arrangement all inserted in similar form and similar position or arrangement so as to make the whole so similar as to be calculated to confuse and/or deceive. The end purpose is whether the mark is so similar as to be calculated to cause a confusion and/or deception.

[78] To sum up, it is our judgment that the court can consider disclaimed words in juxtaposition or in combination with the essential features in determining the likelihood of confusion in a trademark infringement action. However to determine the applicable test for likelihood of confusion and/or deception in a trademark infringement action, it is pertinent to look at the nature and legal position of essential features.

The legal position of essential features

[79] In the determination of the likelihood of confusion/deception in a trademark infringement action, case law has held that the court would also consider what are the 'essential' features of the registered trademark.

[80] As to what constitutes 'essential features' was explained by Sir Wilfred Green MR in the English case of *Saville Perfumery Ltd v June Perfect Ltd and FW Woolworth & Co Ltd* (1941) 58 RPC 147, at p 162 line 2–9, where His Lordship held as follows:

> ... traders who have to deal with a very large number of marks used in the trade in which they are interested, do not, in practice, and indeed cannot be expected to, carry in their heads the details of any particular mark, while the class of customer among the public which buys the goods does not interest itself in such details. In such cases *the marks come to be remembered by some feature in it which strikes the eye and fixes itself in the recollection.* Such a feature is referred to sometimes as the distinguishing feature, sometimes as the essential feature, of the mark. (Emphasis added.)

[81] Our Court of Appeal in the case of *Sinma Medical Products (M) Sdn Bhd v Yomeishu Seizo Co Ltd* [2004] 4 MLJ 358 not only affirmed and adopted the aforesaid proposition by *Saville Perfumery Ltd* as to what constitutes an 'essential' feature but has expanded it to include the sound and significance of the word forming part of the registered trademark used in trade, when it held as follows:

> [24] In *De Cordova and Others v Vick Chemical Co* (1951) 68 RPC 103, the Privy Council held that the word 'VapoRub' was an essential feature of the trademark, that the words 'vapour rub' so closely resembled that word as was likely to deceive, and that the mark was infringed. In his judgment, Lord Radcliffe said:
>
> > ... A trademark is undoubtedly a visual device; but it is well-established law that the ascertainment of an essential feature is not to be by ocular test alone. Since words can form part, or indeed the whole, of a mark, *it is impossible to exclude consideration of the sound or significance of those words*. Thus it has long been accepted that, *if a word forming part of a mark has come in trade to be used to identify the goods of the owner of the mark, it is an infringement of the mark itself to use that word as the mark or part of the mark of another trader, for confusion is likely to result.* ... (Emphasis added.)

[82] The issue then arises — how does one find or determine these 'essential' or 'distinguishing' features in a registered trademark? In this regard, Sir Wilfred Green MR in *Saville Perfumery Ltd* at p 162 line 10–13 of the judgment, provided guidance 'In deciding whether or not a feature is of this class, *not only ocular examination*, but the *evidence of what happens in practice in the particular trade* is admissible'.

[83] As to who determines these 'essential' or 'distinguishing' features was explained by Ambrose J in *British-American Tobacco* at p 198, when it held that:

> I had, however, to consider the evidence placed before the Court as to what the public regards as essential feature s of the plaintiffs' registered trademark. *The identification of an essential feature depends partly on the Court's own judgment and partly on the burden of the evidence that is placed before it De Cordova v Vick Chemical Co* [1951] 68 RPC 103 at p 106. In that case the Privy Council said:
>
> > *If a word forming part of a mark has come in trade to be used to identify the goods of the owner of the mark, it is an infringement of the mark itself to use that word as the mark or part of the mark of another trader, for confusion is likely to result.* (Emphasis added.)

[84] The above proposition was also adopted by Mohamed Dzaiddin J (as he then was) in *JS Staedtler & Anor v Lee & Sons Enterprise Sdn Bhd* [1993] MLJU 569, where His Lordship held that:

> *Identification of these features depended partly on the court's own judgment and partly on the burden of the evidence that was placed before the Court* (*De Cordova v Vick*

Chemical Coy (1951) 68 RPC 103, 106). IN De Cordova, the Privy Council held that the word 'Vepo Rub' was an essential feature of the trademark, that the words 'vapour rub' so closely resembled that word as was likely to deceive, and that the mark was infringed.

...

A trademark is a visual device and it is a well-established law that one way of ascertaining its essential features is by ocular test (*De Cordova*, p 106). (Emphasis added.)

[85] A mark has been held to be infringed if *one of more of its essential features* are used by another trader. As was held by the Privy Council case of *De Cordova and Others v Vick Chemical Company* (1951) 68 RPC 103 that:

... They have not used the mark itself on the goods that they have sold, but *a mark is infringed by another trader if, even without using the whole of it upon or in connection with his goods, he uses one or more of its essential features*. (Emphasis added.)

[86] This was followed and adopted by an English case of *Taw Manufacturing Co Ltd* at p 273 where the High Court held that:

A trademark is infringed if a person other than the registered proprietor or authorised user uses, in relation to goods covered by the registration, one or more of the trademark's essential particulars. The identification of an essential feature depends partly upon the court's own judgment and partly upon the burden of the evidence that is placed before the court. As Lord Radcliffe observed in de *Cordova v Vick Chemical Coy* (1951) 68 RPC 103 at 106: *'In most persons the eye is not an accurate recorder of visual detail and marks are remembered rather by general impressions or by some significant detail than by any photographic recollection of the whole'.* (Emphasis added.)

[87] The case of *British-American Tobacco* also held the same at p 197, as evident from its holding as follows:

The first proposition of Counsel for the plaintiffs was that '*a trademark is infringed if a person other than the registered proprietor or authorized user uses, in relation to goods covered by the registration, one or more of the trademark's essential particulars*.' The authority cited for this proposition was a passage to that effect from the judgment of Lloyd-Jacob J in *Taw Manufacturing Co Ltd v Notek Engineering Co Ltd* (1951) 68 RPC 271 at p 273. *I accepted this proposition*. (Emphasis added.)

[88] A mark cannot be said to resemble another mark within the meaning of s 38 of the TMA although it shares many identical features with that other mark, because the essential features of that mark are not incorporated in the other. In considering whether the two marks resemble each other, the significant factors are the essential features (*Re Pianotist Co's Application* [1906] 23 RPC 774; *Tohtonku Sdn Bhd v Superace (M) Sdn Bhd)* [1992] 2 MLJ 63 at p 66). *JS Staedtler & Anor* provides a good illustration where the plaintiff's trademark consisted of the words 'Staedtler Noris' together with yellow and

black thick and thin stripes running along the hexagonal wooden casing of the pencil. The defendant's products which were put on the market were of similar hexagonal wooden casing pencils which were with thick black and yellow stripes and the word 'NIKKI' printed on the wooden casing. Looking at the products side by side, it is clear that both marks were definitely not identical. However, *the issue was whether they nearly resembled each other. In deciding on this issue, the court found that the essential features of the marks are the striking black and yellow stripes, not the words 'Staedtler Noris' or 'NIKKI'. Base on a visual comparison, the court found that the striking black and yellow stripes of the defendant's mark, nearly resembled that of the plaintiff's essential features of the striking black and yellow stripes mark and therefore the plaintiff's infringement action succeeded. It is the striking black and yellow stripes which is the essential features of the plaintiff's pencils.*

[89] Therefore, premised on the above authorities we can collate the following principles to be borne in mind, in determining essential features in a trademark infringement action, namely:

(a) the particular mark is remembered by some feature in it which strikes the eye and fixes itself in the recollection or mind of a consumer;

(b) a word forming part of a mark has come in the usual course of trade to be used to identify the goods belonging to the owner of the mark;

(c) essential features can be ascertained through ocular test, as well as consideration of sound and the significance of the words in the mark, because 'in most persons the eye is not an accurate recorder of visual detail and marks are remembered rather by general impressions or by some significant detail than by any photographic recollection of the whole';

(d) identification of essential features is achieved through the court's own judgment and evidence; and

(e) use of one or more of a trademark's essential features will lead to infringement of the trademark.

[90] Therefore, upon determining the nature and legal positions of disclaimed words and essential features, we shall now proceed to consider the test for likelihood of confusion and/or deception.

The test for likelihood of confusion and/or deception

[91] It was argued by the plaintiff in submission that the correct test to be applied is the imperfect recollection test, and not the side by side comparison test as applied by the Court of Appeal.

[92] Authorities has established that the side by side test is not the only test to be used in determining the likelihood of confusion and/or deception. As early as 1906, Parker J in *Re Pianotist Co's Application* [1906] 23 RPC 774 at p 777, laid down the test to be applied, in determining whether a mark is 'likely to deceive or cause confusion', in which he said:

> You must take the two words. You must judge them, *both by their look and by their sound*. You must consider the goods to which they are to be applied ... In fact, you must consider *all the surrounding circumstances;* and you must further consider what is likely to happen if each of the trademarks is used in the normal way as a trademark for the goods of the respective owners of the mark.

[93] Our Supreme Court in *Tohtonku Sdn Bhd v Superace (M) Sdn Bhd)* [1992] 2 MLJ 63 at p 66; [1992] 1 CLJ Rep 344 and *Elba Group Sdn Bhd v Pendafter Cap Dagangan dan Paten Malaysia & Anor* [1998] 4 MLJ 105; [1998] 1 MLRH 697, adopted the tests as laid down by Parker J in *Re Pianotist Co Application*. This is evident from what was held by the Supreme Court in *Tohtonku*, that:

> We are in agreement, having regard to the 'tests' as mentioned by Wan Adnan J in Chong Fok Shang, citing with approval Parker J's judgment in Re Pianotist Co Ltd, the trial Judge was correct when he concluded that:
>
> > Applying the above test and considering the appearance of the two marks together with their features I find it is not likely that ordinary purchasers would be deceived into regarding the intervener's product to be the product of the applicant.

[94] However subsequent case laws developed further tests and principles which are widely accepted and applied which are as follows:

(a) the idea conveyed by both trademarks must be compared;

(b) the marks as a whole must be compared;

(c) the first syllable of the trademarks is important;

(d) the effect on the ear as well as the eye must be considered;

(e) the *imperfect recollection of customers/potential customers* must be considered; and

(f) the *essential features* of the trademarks must also be compared.

[95] 'The imperfect recollection' of customers/potential customers is the idea or impression which each mark produces or suggests to the minds of potential customers. This is premised on the norm and reality that the average customer does not have a photographic recollection of the details of the whole mark but merely a general impression of the mark and remembers the mark by this general impression' (*Blanco White TA & Jacob Robin on Patents, Trade*

Marks, Copyright and Industrial Designs).

[96] The general impression guideline is related to the imperfect recollection tests, where due consideration ought to be given to the fact that an ordinary reasonable purchaser only has a limited recollection of what he has seen. It is different when one looks at the two marks when placed side by side. In such a situation, one may be able to see the difference between the two marks and one would not mistook the one for the other. However, in reality, customers, more often than not, would not have the opportunity to compare the two marks side by side, at the point of deciding to make purchases. In such instance, the customer can only rely on his memory of the mark he knows and contrasts it with the mark upon the product which he is considering to buy.

[97] As Thompson LP pointed out in *MI & M Corporation & Anor v A Mohamed Ibrahim* [1964] 1 MLJ 392, in certain cases the test of whether a trademark so resembles another as to be likely to deceive or cause confusion is not a side by side comparison of every point of similarity and dissimilarity. Rather, the test is whether a person who sees one mark in the absence of the other mark would be likely to be deceived and to think both marks are the same in view of his general recollection of the latter mark.

[98] *MI & M Corporation*, is an action for infringement of trademark against the defendant. The plaintiff's products bore the registered trademark of a picture of a flower. The products consisted of ghee being sold in tins bearing yellow labels containing printed matters in red and green together with the picture of a red hibiscus flower and the word 'Chop Bunga'. The defendant also sold ghee in tins which also bore the yellow labels on which were printed matters in red and green. The defendant's tin however, had the word 'sunflower' with the picture of a flower different from that of the plaintiff. The court found that placing the two marks side by side showed that they were obviously different. However, the court was mindful that the test of resemblance or otherwise of two marks, is the general recollection test, not the side by side comparison. In applying the general recollection test, the court took into consideration the evidence of the category of persons who would buy the goods and the circumstances in which the goods were bought. The court found from the evidence that customers of such goods were generally illiterate. Such customers would shop in small dark grocers' shops where large quantities of goods were crowded in a disorderly manner into a very small space. Although it was obvious to the court that the flower marks of both parties were different, the court placed much emphasis on what aspects of the mark would affect the minds of the customers. In this case, considering the illiterate characteristics of the customers, the court took into account that the customers' minds would be imprinted by the colouring of the flower device and the arrangement on the label rather than on the flower per se. As a result, the court held that there was

a likelihood of deception or confusion and hence, an infringement was proved against the defendant.

[99] In applying the general recollection test, due allowance must be given for reasonable customers and traders with an average memory and imperfect recollection of the precise details of the plaintiff's trademark and the defendants' marks, when determining whether there is a real likelihood of confusion/deception.

[100] Possibility of careless pronunciation by the consumers who have general recollection has also to be considered which may cause real likelihood of confusion and deception. This was well illustrated in the case of *Huan Schen Sdn Bhd v Sram, LLC* [2016] MLJU 429; [2016] MLRHU 828 where the court held that:

> When the plaintiff's trademark and the defendant's first to fourth trademark are pronounced, the real likelihood of deception and/or confusion is clear. Both the first plaintiff's trademark and the defendant's first to fourth trademarks sound alike, especially when the first word 'SRAM' is pronounced. I have —
>
> (i) given due allowance for reasonable customers and traders with an average memory and an imperfect recollection of the precise details of plaintiff's trademark and the defendant's first to fourth trademark — please see Lord Russel's judgment for the Privy Council in an appeal from Canada, *The Coca-Cola Co Ltd v Pepsi-Cola Co of Canada Ltd* [1942] 59 RPC 127, at p 133. Such an allowance has also been explained by Thompson LP in the Federal case of *MI & M Corporation & Anor v Mohamed Ibrahim* [1964] 1 MLRA 439; [1964] 1 MLJ 392, at 394 (appeal from Singapore); and
>
> (ii) considered the possibility of careless pronunciation — nonetheless, I am satisfied that a reasonable customer and trader will pronounce the first plaintiff's trademark in a similar manner as the defendant's first to fourth trademarks;

[101] Based on the aforesaid authorities, it is our judgment that the Imperfect Recollection Test is merely part of the test as enunciated in *The Pianotist* as affirmed and adopted by our Supreme Court in *Tohtonku*. Our reasons are as follows:

(a) in *The Pianotist*, the test includes, the following: '... you must consider *all the surrounding circumstances*; and you must further consider what is *likely to happen* if each of those marks are used *in a normal way as a trade mark of the goods* of the respective owners of the marks. (Emphasis added.)

(b) in *MI & M Corporation*, the Imperfect Recollection Test was laid down as follows:

> The question is not whether if a person is looking at the two trademarks side

A

> by side there would be a possibility of confusion; the question is whether the person who sees the proposed trademark in the absence of the other trademark, and *in view only of his general recollection of what the nature of the other trademark was*, would be liable to be deceived and to think that the trademark before him is the same as the other, of which he has a general recollection. (Emphasis added.)

B

(c) the reading of these two tests would lead to the result that the Imperfect Recollection Test is entailed in 'all the surrounding circumstances', whereby when the plaintiff's registered trademark and the defendant's mark are used 'in a normal way as a trademark' of their respective goods, whether it is 'likely to happen' that the consumer who sees the defendant's mark in the absence of the plaintiff's registered trademark would be deceived and think that the defendant's mark is the same as the plaintiff's registered trademark. This whole process is termed as the Imperfect Recollection Test.

C

D

[102] We find support for the aforesaid reasons from the Singaporean academic reference in *Law of Trade Marks and Passing Off in Singapore* , by Tan Tee Jim, SC (3rd Ed, Vol I, Sweet & Maxwell) pp 657–658, paras [12.031]–[12.033] and [12.040], where the Court of Appeal of Singapore in *The Polo/Lauren Co, LP v Shop-in Department Store Pte Ltd* [2006] 2 SLR(R) 690 adopted the approach of extraneous factors in determining the likelihood of confusion as follows:

E

> [12.031] It is axiomatic that the determination of a likelihood of confusion on the part of the public inevitably involves a fact-finding and inference-drawing exercise in which *all relevant facts are to be considered.* This is unlike an inquiry into the similarity of marks which is solely directed at the features of the marks themselves. The exercise focuses on the effect that the similarities of the marks as well as the goods or services in question are likely to have on the relevant section of the public. It is clear that the likelihood of confusion is not to be presumed simply because the marks and the goods in question are identical or similar.

F

G

> [12.032] *The Court of Appeal has repeatedly stressed that the question of the likelihood of confusion is to be 'assessed globally', taking into account:*
>
> > all the circumstances including the closeness of the goods, the impression given by the marks, the possibility of imperfect recollection and the risk that the public might believe that the goods come from the same source or economically-linked sources.

H

> [12.033] It is noticeable that this approach is reminiscent of the approach encapsulated in the following celebrated passage of Parker J in Pianotist Co Ltd's Application under the old UK law:
>
> > You must take the two words. You must judge them, both by their look and by their sound. You must consider the goods to which they are to be applied. You must consider the nature and kind of customer who would be likely to buy those goods. In fact, *you must consider all the surrounding circumstances*; and you must

I

> further consider what is likely to happen if each of those trademarks is used in a normal way as a trademark for the goods of the respective owners of the marks. If, considering all those circumstances, you come to the conclusion that there will be a confusion — that is to say, not necessarily that one man will be injured and the other will gain illicit benefit, but that there will be a confusion in the mind of the public, which will lead to confusion in the goods — then you may refuse the registration or rather you must refuse the registration in that case.

...

[12.040] Upon appeal, the Court of Appeal endorsed the learned judge's approach in taking into account 'extraneous' factors as well as his rationale for the approach. It said:

> The question of likelihood of confusion has to be looked at globally *taking into account all the circumstances including the closeness of the goods, the impression given by the marks, the possibility of imperfect recollection and the risk that the public might believe that the goods come from the same source or economically-linked sources.* ... But that is not all. Steps taken by the defendant to differentiate his goods from those of the registered proprietor are also pertinent. (Emphasis added.)

[103] Furthermore, the High Court in *JS Staedtler* had also laid down the method and standard of the test to be satisfied, whereby the court in determining this test is not confined to the evidence of witnesses. Instead, the court is entitled to give effect to their own opinion. The relevant part of the judgment read as follows:

> Thirdly, was the close resemblance between P2 and NIKKI likely to deceive or cause confusions in the course of trade? The standard of test to be applied had been stated by Lord Diplock in *GE Trade Mark* (1973) RPC 297 at p.321:-
>
> > ... *That in issues of this kind judges are entitled to give effect to their own opinions as to the likelihood of deception or confusion and, in doing so, are not confined to the evidence of witnesses called at the trial is well established by decisions of this House itself.*
>
> Further, in determining the amount of close resemblance as is likely to deceive or cause confusion, *the Court must consider the goods to which they are to be applied, the nature and kind of customers who would be likely to buy these goods, e.g. the students. In fact, the Court must consider all the surrounding circumstances and whether taken as a whole the Defendants' pencil was substantially different from P2* (*Re Pianotist* (1906) 27 RPC at 777) (Emphasis added.)

[104] Upon a full consideration of the principles and authorities aforementioned, the test for likelihood of confusion and/or deception would be as follows:

(a) both side-by-side comparison and the Imperfect Recollection Test must be satisfied;

(b) the comparison is made in terms of phonetic, visual, trade channel, and idea aspects of the marks;

(c) the purpose of such comparison is to determine whether the defendant's mark contains essential features of the plaintiff's registered trademark, which strike the eye and fix themselves in the recollection of the users of the plaintiff's goods;

(d) the court shall then take into account all surrounding circumstances and apply the Imperfect Recollection Test, bearing in mind the outcome of the comparison, in order to determine whether it is likely that ordinary consumer with ordinary memory who would be likely to buy the goods would be deceived and think that the defendant's mark is the same as the plaintiff's registered trademark. In other words, the test of whether one trademark is confusingly similar is an objective test and the test is that of an ordinary person with an appropriate level of literacy (*Merck KGaA v Leno Marketing (M) Sdn Bhd* [2017] MLJU 1011; [2017] 1 LNS 1006); and

(e) in determining this test, the court is entitled to give effect to their own opinions, and not confined to the evidence of witnesses.

'Extraneous' or 'surrounding' circumstances to be considered in determining infringement of trademark

[105] The rationale for the courts to consider extraneous and surrounding circumstances in determining infringement of trademark was comprehensively explained by the Court of Appeal of Singapore in *Sarika Connoisseur Cafe Pte Ltd v Ferrero SpA* [2013] 1SLR 531 at p 557, which are:

> [60] The appellant here took the position as in Polo (CA). The reasons given for including 'extraneous factors' in the confusion analysis are as follows: *firstly,* extraneous factors used to be considered under the Trade Marks Act 1939; *secondly*, the English High Court decision of Re Pianotist Co's Application (1906) 23 RPC 774 called for 'all the surrounding circumstances' to be considered; and *thirdly*, the underlying aim of trademark law is ultimately to prevent confusion. ... *the better view is that 'extraneous factors' should be included in determining if there is a likelihood of confusion on the facts*. This was the view of this court in Polo (CA). The observation was made ([2006] SGCA 14 at [25]) that *if Parliament had intended that upon establishing similarity in marks and goods there would immediately be a finding of confusion, Parliament would have used the phrase 'there shall be deemed to be confusion'*. There would then be no question of there being a three-step approach to establishing trademark infringement. We should mention that the judge in Polo (HC), having examined similar arguments before him, came to the same conclusion as well. In his view, under s 27(2)(b) of the TMA, the likelihood of confusion must arise from the similarity of goods and marks. The judge further observed that where steps had been taken to distinguish the goods, the likelihood of confusion can become merely hypothetical or speculative. *As to the argument that the nature of*

protection under passing off and the TMA is different, the judge in Polo (HC) [2005] 4 SLR(R) 816 at [23] emphasised that the difference between the regimes was that for TMA infringement actions confusion must result from the similarity of marks and goods and only then can the court proceed to examine if the likelihood of confusion was real. We would also add that simply because the nature of protection under both these regimes is different, this does not lead to the conclusion that a consideration of 'extraneous factors' in TMA infringement actions must necessarily be erroneous.

...

[61] At this juncture, we would pause to briefly touch on the *policy considerations* in relation to trademark law. There appear to be two competing policy concerns here, that of preventing confusion on the one hand and promoting business certainty on the other. Additionally, *the need to guard against the danger of creating a monopoly in the trademark for the registered trademark proprietor which extends protection beyond what is necessary and fairly required in the circumstances must be kept in mind*. As the judge in Polo (HC) observed (at [19]), protection offered to a registered trademark proprietor is 'wide but is not indefinite'. In the final analysis, we agree that *the main concern is to ensure that consumers do not get confused as to trade sources*. This view was very pertinently stated in *Polo (HC)* [2005] 4 SLR(R) 816 at [19]:

> [19] ...The ambit of (trademark) protection should be guided by *the underlying aim of a trademarks regime, which is to ensure that consumers do not confuse the trade source of one product with another*. For instance, *where the consideration of other matters can assist the court in drawing the line at cases where the likelihood of confusion is merely imaginary, there is no reason not to do so.* Otherwise, the law will end up extending protection where none is needed ...

[62] Therefore, *the court has to take a holistic view of all the circumstances — including the 'extraneous factors' — in order to determine whether a likelihood of confusion can be said to exist on the facts of each case*.

[63] Confusion will not be presumed simply because the marks and the goods are similar*: Polo (CA)* [2006] SGCA 14 at [25]. As this court stated in *Polo (CA) [2006] SGCA 14* at [28], citing *Associated Newspapers Ltd v Express Newspapers* [2003] EWHC 1322 (Ch); [2004] IP & T 378, *the question of likelihood of confusion has to be assessed globally, taking into account all the circumstances such as the closeness of the goods, the impression given by the marks, the possibility of imperfect recollection and the risk that it may be believed that the goods came from the same source or economically-linked sources.*

...

[66] We recognise that there are 'extraneous' factors which seem to weigh against the finding of a likelihood of confusion, such as the differences in retail outlet locations of the parties goods, purchasing process and *product packaging*. That said, there are other considerations which lean toward the opposite finding. These include the closeness of the parties' goods as consumption foodstuff, the impression given by the marks that the goods are related since the words 'Nutello' and 'Nutella' are substantially similar, and that *some portion of the relevant public had actually believed that the goods came from the same source or that authorisation had been given to the appellant* to use the 'Nutello' name for its drink. Further, we would add that *where confusion is in the sense of the parties being related or having a business link between*

them, the fact that the parties' goods are sold through different channels would not be very significant. (Emphasis added.)

[106] As such, we can sum up the justifications for the Court in deciding the likelihood of confusion and/or deception upon the basis of all the surrounding circumstances which can be listed as follows:

(a) the underlying aim of a trademarks regime, which is to ensure that consumers do not confuse the trade source of one product with another;

(b) if Parliament had intended that upon establishing similarity in marks and goods there would immediately be a finding of confusion, Parliament would have used the phrase 'there shall be deemed to be confusion'; and

(c) the substantial resemblance of the trademark would tend to lead some segment of the relevant public to believe that the goods came from the same source or that authorisation had been given to the defendants to come up with their products, such confusion involved a business link between them.

Application of the aforesaid principles to the present appeal

[107] Based on the principles we have set out in determining the infringement of trademark, and aided by the submissions of both parties, a comparison of the plaintiff's registered trademark and the defendants' Real Expert White mark, reveal the following:

SUBJECT	ROYAL EXPERT WHITE	REAL EXPERT WHITE
Position of the Words 'Expert White'	The words 'Expert White' being placed together at the second paragraph/line, and within a rectangle.	
The colour of rectangle where the words 'Expert White' placed within	The rectangle is dark in colour	
The font style of the words 'Expert White'	Arial	
The font colour of the words 'Expert White'	White	
The position of the symbol/icon	A crown shape icon on the top and middle of the words 'Royal' and 'Expert White'.	A diamond shape icon on the top and middle of the words 'Real' and 'Expert White'.

Phonetically	Two syllables that start with the sound 'Ro'.	Single syllable that starts with the sound 'Ray'.
Idea/Concept	The words 'Royal' and 'Expert White' together with the essential feature ie crown denotes exclusively and high class. Royal connotes ideas of kings queens, majestic, royalty and regal grandiosity etc. and in Bahasa Malaysia, diraja, sultan keagungan, kerabat diraja.	The words 'Real' and 'Expert White' together with the essential feature ie diamond also denotes exclusively and high class. Real means true, actual, authentic, genuine and physical and in Bahasa Malaysia, 'benar', 'betul', 'sebenar'.
Positioning of the words on the Packaging	(i) The use of identical wordings 'EXPERT WHITE' (ii) The colour white is used on the wordings 'EXPERT WHITE' (iii) The placement of the words 'Expert White' in a blue colour rectangle in around the middle of the label.	

[108] Upon a comparison between the plaintiff's registered trademark and the defendant's Real Expert White Mark, and given that disclaimed words 'Royal' and 'Expert White' cannot be regarded as essential features it is our judgment that the High Court did not err in its findings that the plaintiff has discharged the legal and evidential burden to prove the existence of likelihood of confusion/deception based on the two essential features of the Pplaintiff's registered trademark which strike the eye and fix themselves in the recollection of the users of the plaintiff's products which are:

(a) the Crown device; and

(b) the two rectangles.

The Court of Appeal however disregarded the disclaimed words entirely and failed to even consider what are the essential features of the plaintiff's goods, despite referring to the case of *JS Staedtler*. The Court of Appeal also failed to consider the cases which we have referred to with regards to essential features in determining the likelihood of confusion/deception (paras 78–89).

[109] The next question to be considered is whether an ordinary consumer, with an ordinary memory of the general impression or significant details of the

plaintiff's registered trademark, would be deceived/confused and think that the defendant's Real Expert White mark resembled the plaintiff's registered trademark, taking into account the disclaimed words 'Royal' and 'Expert White'. We answer this in the affirmative, upon the following grounds, which was also the findings of the High Court judge:

(a) the general impression or significant details of the plaintiff's registered trademark would be their essential features as stated above;

(b) Real Expert White mark's diamond-shaped device is similarly confusing and/or deceptive as the Crown Device of the plaintiff's, and the Diamond-shaped device is placed at the top and the middle of Real Expert White mark, which is the same position as the Crown-shaped device in the plaintiff's registered trademark (as per the decision of the High Court);

(c) the defendants' Real Expert White mark has a rectangle which contains the words 'Expert White', same as the plaintiff's registered trademark, and such rectangle is one of the essential features of the plaintiff's registered trademark;

(d) both the plaintiff and defendants focus their business within the same market and target the same segment of the public. In fact both products are of the same class, ie cosmetics (closeness of goods) (Romer's J judgment in the English High Court case of *Re Ladislas Jellinek* [1946] 63 RPC 59; at p 70 and Mohd Yusof Mohammad SCJ's judgment in *Tohtonku Sdn Bhd* at p 347);

(e) the consumers of both the plaintiff and the defendants are of the same category, as indicated by the plaintiff's evidence that there was a drop in its gross profit and sales;

(f) the trade channel or distributor of the plaintiff and defendants are the same, as indicated in the fact that D1 is the distributor for Royal Expert White products and Real Expert White products. Looking at the surrounding circumstances, there are overlapping of trade channels between the parties that could cause confusion and deception to the public. In this regard we refer to the Court of Appeal case of *Bata Ltd v Sim Ah Ba & Ors* [2006] 6 MLJ 445; [2006] 1 MLRA 762; and

(g) the evidence of similarity of idea and concept between the plaintiff's registered trademark and the defendants' Real Expert White mark as both are applied in similar positioning on the box package of the goods (Refer to the judgment delivered by Lord Fraser in an appeal from New Zealand, *Re, Solavoid Trade Mark* [1977] RPC 1 at p 30). The idea or concept of the plaintiff's and defendants' marks is the same which connotes exclusivity and class, as mentioned at para [106].

[110] It is pertinent to note that the category of consumers of the plaintiff and the defendants are the same, whose focus are on the whitening effect of the cosmetic products on the skin. Such consumers with ordinary memory of the essential features from the plaintiff's registered trademark in mind, would likely be confused or deceived and in their mind imprinted that the defendants' Real Expert White mark is the same as the plaintiff's registered trademark, taking into account that both plaintiff and defendants' products are from the same trade channel, namely that the products of the plaintiff and the defendants are distributed by D1.

[111] To sum up, bearing in mind the earlier discussion of the principles and authorities, in deciding the test of likelihood of confusion and/or deception, the court shall take into account:

(a) all the surrounding circumstances which includes:

(i) the closeness of the goods;

(ii) the impression given by the marks;

(iii) the possibility of imperfect recollection; and

(iv) *the risk that the public might believe that the goods come from the same source or economically-linked sources*; and

(v) *the steps taken by the defendant to differentiate his goods from the plaintiff's is also pertinent*.

(b) the court is entitled to decide the likelihood of confusion and/or deception based on its own opinion, and not confined to the evidence from the parties.

[112] On the other elements of the infringement of trademark, namely:

(a) the defendant is not the registered proprietor nor the registered user;

(b) the use was in the course of trade;

(c) the use was in relation to goods or services within the scope of registration; and

(d) use as a trademark or as importing as a reference to the registered proprietor or registered user or to their goods or service. The use of a mark 'as a trade mark' in s 38(1) means use for the purposes set out in the definition of a 'trade mark' in s 3(1). The use must be to indicate the source or origin of the goods in relation to which the mark is used (refer to *Irving's Yeast-Vite Ltd v Horsenail* [1934] 51 RPC 110), we are in agreement with the learned trial judge that the aforesaid elements have been proven by the plaintiff.

Conclusion on the amended question 1

[113] Given the above analysis, in a trademark infringement action, whether the court ought to consider disclaimed words in juxtaposition and/or in combination with the essential features in the registered trademark for the purpose of deciding whether there is a likelihood of confusion and/or deception, we answer in the affirmative, upon the approach of the Imperfect Recollection Test. As such, there is infringement of the trademark. It is our judgment that the plaintiff has proven all the five ingredients to constitute an infringement of the trademark of the plaintiff. The learned High Court judge did not err in his findings with regards to the infringement of trademark by the defendants. The Court of Appeal failed to compare and analyse the essential features of the trademark of the plaintiff which is the Crown device and the Diamond shaped device on the impugned mark but misdirected itself by focussing on the difference of the word 'Royal' and 'Real' which is irrelevant in determining the likelihood of confusion and/or deception in an infringement action. Case law authorities has established that where disclaimers (or referred to as 'common marks') are included in the trademark to be compared, or in one of them, the proper course is to look at the marks as wholes and not to disregard the parts which are disclaimed. The Court of Appeal disregard the disclaimers entirely when comparing the marks of the plaintiff and the defendants. The Court of Appeal also failed to consider the imperfect recollection of customers/customers test when making purchases in determining the likelihood of confusion/ deception, but premised merely on the side by side comparison test, which is erroneous.

Tort of passing off

[114] The plaintiff submits that the Court of Appeal erred in deciding that there was no tort of passing off when it erred:

(a) in failing to consider the goodwill attached to the plaintiff's business;

(b) in taking into account the Ministry of Health's publication;

(c) when it considered the new issue not raised at the High Court;

(d) to take into account that the oral and documentary evidence on the misrepresentation by the defendants; and

(e) when the Court of Appeal failed to take into account that there was misrepresentation that would caused the likelihood of confusion and deception.

[115] Passing off does not have a statutory basis and it does not need to be registered to be effective, unlike trademarks, registered designs and copyright.

However, passing off rights cannot be underestimated as they are valuable assets of a business, as they protect the value of the brand of the goods, otherwise known as 'goodwill'.

[116] Lord Oliver in *Reckitt & Coleman Products Limited v Borden Inc* [1990] 1 AER 873, a decision of the House of Lords, held that there are three elements of the tort which a claimant needs to establish in order to succeed with an action. These three elements, which are termed as the 'classical trinity', can be summarised as:

(a) establishing a goodwill or reputation in the goods or services by association with a particular 'get up' which would be recognised by the public as distinctive of the claimant's goods and services;

(b) demonstrating a misrepresentation which is likely to lead the public to believe the goods offered are those of the claims; and

(c) establishing that damage has or will be caused.

The aforesaid test by Lord Oilver was applied by our Court of Appeal in *Sinma Medical Products (M) Sdn Bhd v Yomeishu Seizo Co Ltd & Ors* [2004] 4 MLJ 358; [2004] 3 CLJ 815.

Goodwill of a business

[117] Goodwill of a business is its established reputation which is regarded as a quantifiable asset and calculated as part of its value when the business is sold. Goodwill is attached to a trade or a particular trade. It is regarded as property rights. Lord Lindley in *The Commissioners of Inland Revenue v Muller & Co's Margarine, Limited* [1901] AC 217 at p 225 gave a description of 'Goodwill' as:

> Goodwill regarded as property has no meaning except in connection with some trade, business or calling. In that connection I understand the word to include whatever adds value to a business by reason of situation, name and reputation, connection, introduction to old customers, and agreed absence from competition, or any of these things, and there may be others which do not occur to me. [124]

The learned trial judge found that the plaintiff enjoyed goodwill in its business related to the plaintiff's mark and the plaintiff's get-up. We agree with the learned High Court judge when His Lordship deemed that the plaintiff's witnesses are credible and held that the plaintiff had proven to have suffered loss caused by the defendants' misrepresentation by taking into account the evidences given by the plaintiff's witnesses, namely SP1 and SP2 with regard to the sales of the plaintiff's goods and gross profits enjoyed by the plaintiff. There was no rebuttal evidence as far as the damages is concerned (refer to paras 37–40 of the High Court grounds of judgment). The Court of Appeal erred when it held that 'goodwill' of the plaintiff's product was destroyed by the

Ministry's press statement that it was banned for containing mercury. This will be elaborated in the later part of this judgment.

[118] The learned High Court judge also found that there is similarity of idea and concept in the get up of the plaintiff's and the defendant's goods packaging and between the plaintiff's registered trademark and Real Expert White mark, as both are applied on the box packaging of the product. Further, the word 'Expert White' is found emblazoned against the dark rectangle on the box packaging. This was never considered by the Court of Appeal.

Misrepresentation/deception

[119] It is important to take cognisance of the legal position of passing off that, there is a difference between action of trademark infringement and action of passing off. It is easier to prove trademark infringement as compared to the tort of passing off due to the requirement of proving the elements of goodwill, misrepresentation and damage in the latter. The misrepresentation is one which is calculated to deceive a substantial segment of the public, which means deception must be proven, not mere confusion as in the case of trademark infringement. This was explained by the author Tan Tee Jim, SC in *Law of Trade Marks and Passing Off in Singapore* (3rd Ed, Vol II, Sweet & Maxwell) pp 98–99, at paras [19.033]–[19.035]:

> [19.034] ... under the tort of passing off, *the plaintiff must prove that the use of the defendant's mark constitutes a misrepresentation which is calculated to deceive a substantial proportion of the public — that is, he must prove deception, not mere confusion as in the case of trademark infringement.* This was well articulated in Marengo v Daily Sketch by Lord Greene MR in the following terms:
>
> > No one is entitled to be protected against confusion as such. Confusion may result from the collision of two independent rights or liberties, and where that is the case neither party can complain; they must put up with the results of the confusion as one of the misfortunes which occur in life. The protection to which a man is entitled is protection against passing off, which is a quite different thing from mere confusion.
>
> [19.035] Likewise, in *Hodgkinson & Corby Ltd v Wards Mobility Services Ltd,* Jacob J (as he then was) said: '*At the heart of passing off lies deception or its likelihood, deception of the ultimate consumer in particular … The foundation of the plaintiff's case here must therefore lie in deception*. (Emphasis added.)

[120] In this regard, the High Court in the case of *Consitex SA v TCL Marketing Sdn Bhd* [2008] 3 MLJ 574; [2008] 8 CLJ 444 similarly held that 'in a cause of action of tort of passing off, what legally matters is misrepresentation and not mere confusion.' Further the misrepresentation must be a material one, in the sense that it must create a real, tangible risk of damage to the plaintiff.'

[121] To prove confusion or likelihood of confusion the plaintiff must prove that the confusion is such as to mislead or deceive a substantial number of people into thinking that the defendant's goods or services are those of the plaintiff or connected with the plaintiff. The representation has a causative effect on the purchase of the goods or services in question. 'It is sufficient that there is a likelihood of confusion occurring in the normal course of trade as a result of the defendant's misrepresentation. The likelihood of confusion may be inferred from the surrounding facts.' (Tan Tee Jim, SC in his book *Law of Trade Marks and Passing Off in Singapore* (3rd Ed, Vol II, Sweet & Maxwell) at pp 177–178, paras [19.203] & [19.205]).

[122] This position for 'misrepresentation' in passing off action was adopted by the Court of Appeal in *Yong Sze Fun & Anor (t/a Perindustrian Makanan & Minuman Layang-Layang) v Syarikat Zamani Hj Tamin Sdn Bhd & Anor* [2012] 1 MLJ 585 (CA) when Abdul Malik Ishak JCA delivering the judgment of the Court of Appeal held that:

> [148] In AG Spalding & Bros v AW Gamage Ld, Lord Parker had this to say about misrepresentation at p 284 of the report:
>
> > ... the basis of a passing off action being *a false representation* by the defendant, it must be proved in each case as a fact that the false representation was made. It may, of course, have been made in express words, but cases of express misrepresentation of this sort are rare. *The more common case is, where the representation is implied in the use or imitation of a mark, trade name, or get-up with which the goods of another are associated in the minds of the public, or of a particular class of the public.* (Emphasis added.)

[123] In the present appeal, there were findings of fact by the learned High Court judge (p 39 of the judgment) that misrepresentation has been proved by the plaintiff when His Lordship held that:

(a) there exists a likelihood of confusion/deception between plaintiff's trademark and Real Expert White mark;

(b) a phonetic comparison of the marks in question should be undertaken (refer to *Sinma Medical Products*). A pronunciation of the plaintiff's registered trademark and Real Expert White mark sounds confusingly similar and/or deceptively alike; and

(c) a visual comparison of the plaintiff's get-up and the get up of real expert White goods shows that both get-ups have the same white and blue colours. Such similarities support the existence of a likelihood of confusion/deception.

[124] These are findings of facts by the learned trial judge and such findings has not been impeached by the Court of Appeal. In other words, it was not

A shown by the Court of Appeal that the learned trial judge was plainly wrong in making such findings. Thus, we are in no position to interfere with such findings.

B **[125]** What is more telling is the fact that there is indeed clear direct evidence of ordinary sensible members of the public being confused as evidence adduced by the plaintiff through the whatsapp message which was from a customer asking for verification whether 'Royal Expert White' and 'Real Expert White' is the same. The defendants (who are dealers for both Royal Expert White products and Real Expert White products) answered that it is the same. Thus, not only was there evidence of confusion by the consumer on the product of the plaintiff with that of the defendants, which led the customer asking for verification from the defendants, but we have the defendants themselves contributing to the confusion/deception when they affirmed that both Royal Expert White cream and Real Expert White cream are the same. This is a classic passing off action, where a defendant is trying to pass his goods off as those of the plaintiff (refer to *John Roberts Power School v Tessenohn* [1995] FSR 947; *Bristol Conservatories Ltd v Conservative Customs Built Ltd* [1989] RPC 455). There was no steps at all by the defendants to differentiate their goods from the plaintiff's registered goods (refer to *The Polo/Lauren Co, LP v Shop-in Department Store Pte Ltd* [2006] 2 SLR (R) 690).

Therefore, having regard to all the circumstances of the case, the use by the defendants in connection with the goods of the mark, name or get-up in question impliedly represents such goods to be the goods of the plaintiff, is indeed calculated to deceive.

Damage has or will be caused

[126] The products of the plaintiff and Real Expert White products are in direct competition with each other. In such situation, the court will readily infer likelihood of damage to the plaintiff's goodwill through loss of sales and loss of exclusive use of the plaintiff's registered trademark and the plaintiff's get-up. As this case is where a defendant is trying to pass his goods off as those of the plaintiff, damage may be proven through a loss of sales or existing trade — that trade has been diverted away from the plaintiff and towards the defendant (refer to the judgment of Gun Chit Tuan CJ (Malaya) in *Seet Chuan Seng & Another v Tee Yih Jia Food Manufacturing Pte Ltd* [1994] 2 MLJ 770 at p 781; [1994] 3 CLJ 7 at p 15). In the present case, the learned trial judge found that the plaintiff proved actual loss in the form of the loss of gross profit.

Conclusion for TORT OF PASSING OFF

[127] The court must consider the get-up of the product as a whole and all the surrounding circumstances of the case, as such, in the determination of the

likelihood of confusion and/or deception under the element of misrepresentation in the action of passing off.

[128] In the present case there is direct evidence that the defendants were passing off the defendants' products as the plaintiffs. Hence, the learned High Court judge did not err when making findings that the tort of passing off has been made out against the defendants.

WHETHER THE PLAINTIFF SHOULD FILE A NOTICE OF CROSS-APPEAL ON THE POINT OF THE DISCLAIMER

[129] It was submitted by the defendant that the Court of Appeal agreed with the learned High Court's decision on the disclaimed words. Since the plaintiff did not cross appeal against the High Court decision then it should not be allowed to appeal now on this issue. The learned High Court judge's decision on this matter said as follows:

> Based on my understanding of ss 18(2), 35(1) and 40(2) TMA as applied in Jyothy Laboratories, the Court cannot consider the words in deciding the existence of a Likelihood of Confusion/Deception for the purpose of the first element.

The learned trial judge did not err in saying as such, hence, there is no necessity to appeal on such findings.

[130] However, what was considered by the learned judge was not the disclaimed words but the 'essential and distinguishing features' of the trademark which was the crown device which was positioned above the word 'Expert White' written within a dark coloured rectangle. Never did the learned High Court judge consider the disclaimed words by itself in the marks to determine whether there was likelihood to cause confusion and deception. Therefore, there is no necessity to file a notice of cross appeal on the point of disclaimer by the plaintiff.

THE SECOND QUESTION OF LAW

[131] In a tort of passing off case, can goodwill of a business be destroyed completely by mere publication(s) of documents that made no specific reference to the business owner?

The effect of the press release on goodwill of the plaintiff:

[132] Contrary to the learned trial judge's judgment, the Court of Appeal had considered D1 and D2's submission at the trial, which is a press release issued by the Ministry of Health (MOH) that banned the product 'Royal Expert Whitening Cream' for containing mercury. The press statement acts as a

warning not only to all sellers and distributors to stop the sale and distribution of the product, but also to the public to immediately seek medical advice for any adverse reactions from using the product 'Royal Expert Whitening Cream'. In view of the press release, the Court of Appeal agreed with the defendants that this refers to the 'Royal Expert' branding and the plaintiff's product. Hence, it was concluded that the plaintiff had suffered loss due to this negative publicity and not caused by the defendants' misrepresentation.

[133] Given the press release, the Court of Appeal held that fundamentally the plaintiff had failed to prove that the defendants in selling the Real Expert White Cream was passing off a product of the plaintiff as the goodwill of the plaintiff's product had been destroyed.

[134] However, we disagree with the findings by the Court of Appeal on this point. Firstly, the press release has got nothing to do with the plaintiff's products but the products of another entity, Ortus Expert Cosmetic Sdn Bhd. There is nothing in evidence that the notification of the plaintiff's goods pursuant to CDCR 1984 has been cancelled by the Director of Pharmaceutical Services. With the notification, the plaintiff can sell and distribute its products. Secondly, even if it is true that the plaintiffs' goods contained mercury which are contrary to CDCR 1984 or contravening any law and that the manufacture, distribution, supply, sale and use of the plaintiffs' goods may be prohibited (which has not been proven), but such a fact, in itself does not mean that the use of Ortus Expert White's registered trademark is contrary to law under s 14(1)(a) of the TMA. Nor does this mean that Ortus Expert White's registered trademark is not entitled to protection by the court under s 14(1)(b) of the TMA.

[135] There is a difference between the trademark as an intangible intellectual property right and the contents of the actual goods itself.

[136] A registered trademark confers on its owner a form of intellectual property and statutory right under s 35(1) of the TMA. The statutory rights attached to the registered trademark are distinct from the goods and services which bear the registered trademark.

[137] Goodwill is attached to the brand not to the goods. The Court of Appeal in *Yong Sze Fun & Anor (t/a Perindustrian Makanan & Minuman Layang-Layang) v Syarikat Zamani Hj Tamin Sdn Bhd & Anor* [2012] 1 MLJ 585; [2012] 2 MLRA explained what constitutes 'goodwill' wherein the panel referred to the decision of the House of Lords in *The Commissioners of Inland Revenue v Muller & Co's Margarine, Limited* [1901] AC 217:

> Goodwill is the benefit and advantage of the good name, reputation and connection of a business. It is the attractive force which brings in custom. (para 12)

> I understand the word 'goodwill' to include whatever adds value to a business by reason of situation, name and reputation, connection, introduction to old customers, and agreed absence from competition ... (para 21)

[138] If the proposition by the Court of Appeal is accepted, namely that goodwill of the products are destroyed by the negative press release, it would lead to an absurd and untenable situation where a trademark owner would be constrained from relying on goodwill attached to its goods to prevent third party from acts of infringement and passing off in the event that there is negative publicity being made against its brand although the said brand could have been established in the market over a period of time.

[139] We do have instances where branded goods which has established goodwill in its brand being subjected with negative publicity, yet that does not mean such branded goods loses its goodwill in the goods.

[140] It is our judgment that the Court of Appeal had erred when it decided that the plaintiff's business no longer had any goodwill merely by the alleged banning of the product of the plaintiff by the Ministry of Health. In any event there has been no criminal prosecution against the plaintiff nor any statutory penalties imposed and the fact that the Press release by the Ministry has no relation to the goods of the plaintiff.

[141] Therefore, we answer the second question in the negative.

BREACH OF THE DEALERSHIP AGREEMENT

[142] We definitely agree with the findings of the learned High Court judge that there was indeed breaches of the dealership agreement by the defendants, namely cll 7.4 and 14.4 (refer to paras 17–18 of the High Court judgment and paras 16–17 of this judgment). We do not wish to elaborate on this issue.

THE NEW ISSUE RAISED BY THE PLAINTIFF

[143] The Court of Appeal in its grounds of judgment at para 50 states:

> Moreover, as submitted by the defendants, during the trial the plaintiff produced and tendered as evidence 'Royal Expert Whitening Cream' (box, content). Firstly, this is a product that was banned and secondly this product is registered under Ortus Expert Cosmetics Sdn Bhd.

[144] This issue of the product being registered under Ortus Expert White Cosmetics Sdn Bhd was never pleaded nor raised by the defendants at the trial before the learned High Court judge. Hence, the court below did not canvass this point in its judgment. The same goes with the plaintiff, it never had the

opportunity to defend on this issue at the court below as it was never raised at all then. Therefore, we are of the view that the defendants are precluded from raising this point at this appellate stage. The Court of Appeal erred when it proceeded to decide on the said issue.

CONCLUSION ON THE APPEAL

[145] The defendants have used a trademark which so nearly resembles the registered trademark of the plaintiff's products so as to cause confusion or deception between the consumers of the plaintiff's products and Real Expert White products. It is not in dispute that the plaintiff is the registered proprietor of the mark in Malaysia and the defendants are neither the registered proprietor nor registered user of the mark. They have used Real Expert White mark in the course of trade within the scope of registration of the plaintiff's registered trademark. The usage of the trademark by the defendants were and are in such a manner as to render the use likely to be taken either as a trademark or as importing a reference to the plaintiffs or plaintiff's registered trademark.

[146] In the determination of an infringement of a trademark, other than ocular examination, the likelihood of confusion from amongst the public of average intelligence and imperfect memory must be given equal weightage by the court. Flowing from the various judgments in the ascertainment of what constitutes infringement of an essential mark, our present case is decided premised on the principle of adjudicating similarity by looking beyond visual comparison and into the impression the mark creates in the mind of the general public. In comparing marks the proper course is for the courts to look at the combination of those that are common to the trade, vis a vis disclaimers, together with the essential features, 'their arrangement and their insertion in the impugned mark so as to make the whole so similar to the registered mark of the plaintiff as to be calculated to confuse and/or deceive' (*Re Farrow Application* and *British American Tobacco*).

[147] The defendants have committed the tort of the classic passing off Real Expert White products as the plaintiff's Royal Expert White products. There was direct evidence of misrepresentation by the defendants and there was confusion/deception as well as causing the plaintiff to suffer losses and damages.

[148] D1 who was the dealer to the plaintiff at the material time had wilfully breached the dealership agreement. The High Court did not err in making such finding.

[149] Having regard to the law and authorities as aforesaid, we answered the

amended first question in the affirmative and the second question in the negative.

[150] Hence, unanimously, we allow the appeal by the plaintiff with costs of RM60,000 for here and below subject to allocator and set aside the judgment of the Court of Appeal. The decision of the High Court is affirmed. We remit back the case to the High Court for damages to be assessed accordingly.

Appeal allowed with costs of RM60,000 here and below subject to allocator; judgment of Court of Appeal set aside; decision of High Court affirmed; case remitted back to High Court for assessment of damages.

Reported by Dzulqarnain bin Ab Fatar